As of 11 a.m. ET **DJIA** 10571.03 ▲ 1.37% **FTSE 100** 5500.34 ▲ 1.62% **Nikkei 225** 10654.79 ▲ 1.03% **Shanghai Comp.** 3243.76 ▼ 1.02% **Hang Seng** 21823.28 ▼ 0.23% **Sensex** 17558.73 ▲ 0.54% **S&P/ASX 200** 4876.25 ▲ 0.12%

Car makers unveil small models to appeal to growing India market
NEW DELHI AUTO EXPO 20

Tokyo needs reform, not new promises
EDITORIAL & OPINION 11

Australia: A$6.00(Incl GST), Brunei: B$5.00, China: RMB25.00, Hong Kong: HK$18.00, India: Rs25.00, Indonesia: Rp18,000(Incl PPN), Japan: Yen500(Incl JCT), Korea: Won2,500, Malaysia: RM6.00, Pakistan: Rs80.00, Philippines: Peso80.00, Singapore: S$4.00(Incl GST), Sri Lanka: Sirs180(Incl VAT), Taiwan: NT$60.00, Thailand: Baht50.00, Vietnam: US$2.50

KKDN PPS 648/11/2010 (028507) KKDN PP 9315/10/2010 (025811) MICA (P) NO. 048/10/2009 SK. MENPEN R.I. NO: 01/SK/MENPEN/SCJJ/1998 TGL 4 SEPT 1998

THE WALL STREET JOURNAL.

THE WALL STREET JOURNAL.

VOL. XXXIV NO. 90 (India facsimile VOL. 1 NO. 151) * * ASIA Wednesday, January 6, 2010

DOWJONES A NEWS CORPORATION COMPANY

asia.WSJ.com

Outsider may lead JAL effort to revamp

By Mariko Sanchanta And Atsuko Fukase

TOKYO—The government-backed body drawing up a proposal to restructure **Japan Airlines** Corp. hopes to bring in an outsider with no aviation experience as a successor to current Chief Executive Haruka Nishimatsu, according to a person familiar with the matter.

If successful, the move would mark the first time that JAL would be headed by someone with no aviation experience, underlining the severe degree of change facing the cash-strapped carrier.

The Enterprise Turnaround Initiative Corp. of Japan, which has access to taxpayers' funds, has asked a Japanese manufacturing executive with turnaround experience to head the embattled airline, though it has a shortlist of other Japanese executives from outside the company in case its first choice refuses, according to the person familiar with the matter. It wasn't clear who the executive is.

Because of the numerous injections of taxpayer money into JAL over the past

Please turn to page 16

Massacre trial opens in the Philippines

Reuters

National Bureau of Investigation agents escort Andal Ampatuan Jr. on Tuesday, as the prime suspect in November's grisly massacre of 57 people pleaded not guilty to murder at the start of his trial. **Page 4.**

Crisis helps China become top exporter

By John W. Miller

BRUSSELS—China took over the mantle of the world's top exporter from Germany in 2009, according to the latest figures, helped on its way by a global economic crisis that has taken a greater toll on other trading powers.

China exported $957 billion of goods in the first 10 months of 2009, compared with $917 billion for Germany, according to data compiled by Global Trade Information Services, a Geneva-based firm that collects and tabulates customs data. No November or December developments are likely to overturn the Chinese lead, trade experts say.

China had long been expected to become the world's largest exporter, with annual growth in exports regularly exceeding 20% in the past decade.

"China's overtaking Germany on exports was only a matter of time," said Mei Xinyu, who works for a think tank affiliated with China's Commerce Ministry.

Douglas Irwin, a professor at Dartmouth College, said "China has been growing much more rapidly than Germany on all sorts of dimensions and has a population of 1.3 billion, while Germany has 83 million."

China's ascendancy has been boosted by the financial crisis, from which China has suffered less than other major economies. With trade in tatters around the world, Chinese exports fell 20.4% during the first ten months of 2009, compared with 27.37% for Germany and 31.09% for Japan. U.S. exports dropped 21.37%, with the weak dollar making U.S. goods cheaper and preventing a steeper fall.

A combination of factors account for China's relative resilience. The Chinese currency is tied to the sinking dollar, helping to keep China's exports competitive on price.

By contrast with Germany, China also produces many low-cost goods that are relatively recession-proof. "The demand for low-end and labor-intensive products is relatively stable," said Shen Minggao, chief China economist at Citibank in Beijing.

"Most of the products China produces for the global market are life necessities," less affected by the financial crisis, says Huang Huiguo, CEO of Kingsons International, a

Please turn to page 16

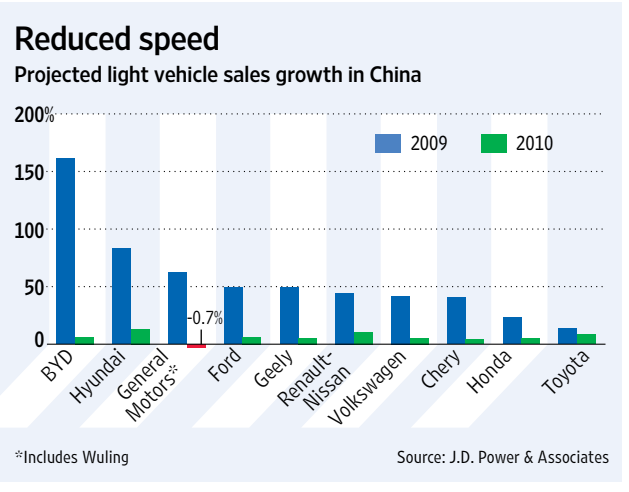
Chinese auto sales forecast to slow

By Norihiko Shirouzu

BEIJING—China's car market exploded in 2009, propping up an ailing global industry and relegating the U.S. to the second spot. In 2010, the ride won't be nearly as smooth or fast.

Vehicle sales in China are expected to slam on the brakes this year, and grow by as little as 5% to 6%, according to analysts' projections. That would be healthy growth in many markets, but in China it comes after the roughly 50% surge in 2009, when Chinese customers bought about 13 million vehicles, compared with just over 10 million in the U.S.

Analysts say that among global car makers, the slowdown may be particularly severe for **Ford Motor** Co. and **General Motors** Co., for which China was perhaps the only bright spot in an otherwise painful 2009.

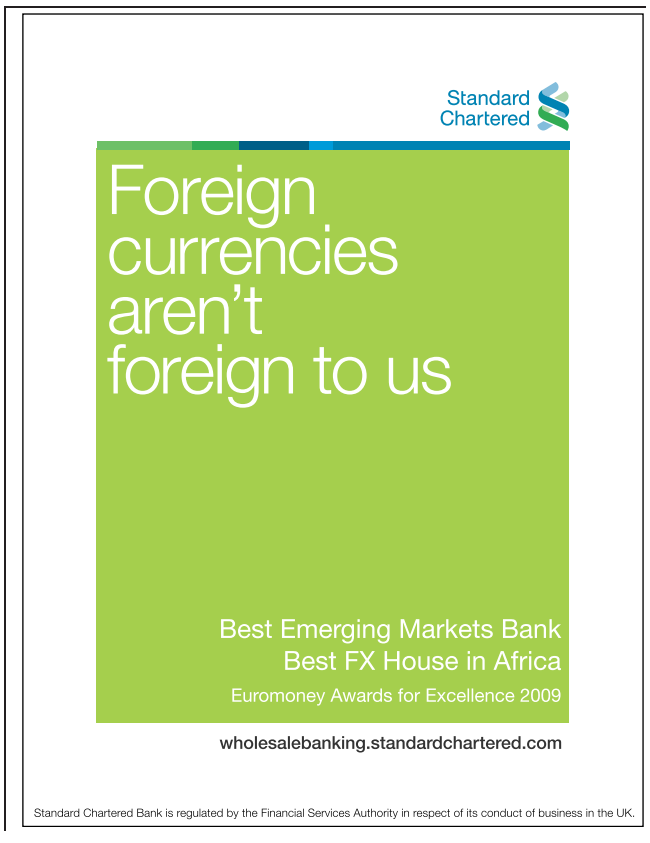


J.D. Power & Associates expects GM's sales in China to dip slightly in 2010 after a blazing 2009. On Monday, GM said its China sales, including Wuling microvans and microtrucks built by a joint venture, expanded 67% last year to 1.83 million vehicles. For Ford, J.D. Power forecasts 6% sales growth in 2010, down from 50% last year.

With the slowing market, challenges in the Detroit duo's China business—such as coping with aging products and maintaining quality while increasing capacity somewhat—"would start getting more exposed," said Rudy Schlais, a longtime executive at GM who retired in 2001 as its Asia Pacific president and is now an adviser to several Chinese auto brands. "When water goes down in the river, rocks will start to show up."

Both Ford and GM shrugged off concerns and expressed optimism about their China business this year. "We're pretty bullish about 2010...and China's potential in years to come," said Nigel Harris, a se-

Please turn to page 16


Standard Chartered
Foreign currencies aren't foreign to us
Best Emerging Markets Bank
Best FX House in Africa
Euromoney Awards for Excellence 2009
wholesalebanking.standardchartered.com
Standard Chartered Bank is regulated by the Financial Services Authority in respect of its conduct of business in the UK.

PAGE TWO

What's News—

* * *

Business & Finance

■ **Japan's SMFG is likely to raise** about $8.6 billion by issuing common shares in a move aimed at improving its capital quality in anticipation of stricter global banking rules. If it goes ahead, the capital boost would be the bank's second this fiscal year after it raised over $9 billion in June. **17**

■ **Warren Buffett**, a major Kraft shareholder, objected to the company's plans to issue shares as part of a sweetened, hostile bid for Cadbury, complicating a four-month takeover saga. **17**

■ **Taiwan moved to curb** speculative inflows of capital by issuing instructions on how long banks should hold foreign currencies on behalf of clients. **23**

■ **Iceland's president vetoed** a bill to reimburse the U.K. and the Netherlands for bailing out depositors of a failed Icelandic bank, throwing into question the plan to rescue the nation's banks. **3**

■ **Ford posted a 33% jump** in December U.S. light-vehicle sales, ending a stellar year for the auto maker. Meanwhile, Chrysler posted a 3.7% decline. **21**

■ **Japan's domestic auto sales** rose 36.5% last month as government incentives lifted demand for fuel-efficient cars. **21**

■ **U.S. stocks generally fell** as pending home sales declined more than expected. In Asia, the Hang Seng index climbed 2.1% as Hutchison Whampoa rose for the sixth consecutive session. **27**

■ **Apple plans to unveil** a multimedia tablet later this month, but doesn't plan on shipping the product until March. **18**

■ **Kumho Asiana plans to raise** more than $1.13 billion through asset sales and said it will trim executive jobs. **18**

■ **Global corporate** investment-grade bond issuance surpassed investment-grade corporate lending in 2009 for the first time on record, according to Dealogic. **23**

■ **Godrej Properties' shares** soared on their Mumbai debut, suggesting sustained investor appetite for real-estate stocks. **10**

■ **The dollar fell** against the yen and the euro as investors booked profits following the U.S. currency's rise in December. **26**

■ **Kia and Microsoft are forming** a partnership to provide voice controls for phone calls and audio systems in cars. **21**

■ **GE is realigning** the industrial business formerly part of the division that makes appliances and light bulbs. **21**

Reuters

Activists shout slogans while a man gets a tattoo on his back in Taipei to protest against Taiwan's policy of allowing the import of U.S. bone-in beef from cattle younger than 30 months. The tattoo reads: "people stand up." Lawmakers in Taiwan passed a bill on Tuesday to resume a ban on other certain types of U.S. beef imports.

* * *

World-Wide

■ **Japanese Finance Minister** Fujii said he wants to step down due to ill health, raising the possibility that the new administration would lose one of its foremost economic experts only four months after coming to power. **3**

■ **Taiwan's president vowed** to try to repair ties with the U.S. after lawmakers passed an amendment to resume a ban on certain U.S. beef imports. **4**

■ **Obama is expected** to announce new security measures after meetings with U.S. officials, following the airliner-bombing attempt. Also, dozens of names were added to the U.S. no-fly list. **6**

■ **The Philippines' justice system** started a stiff test as the trial of the prime suspect in November's massacre of 57 people opened. He pleaded not guilty to murder. **4**

■ **China faces** potential power shortages as parts of the country struggle with the coldest weather in decades. **5**

■ **The U.N. food agency said** it will stop aid distribution to about one million people in southern Somalia because of attacks against staff and demands by armed groups that aid organizations remove women from their teams.

■ **Officials in eastern China** blamed a battery factory for causing lead poisoning in more than 50 children, Xinhua reported.

ONLINE TODAY

Most read in Asia

1. Apple to Ship Tablet Device in March
2. Chinese Evade U.S. Sanctions on Iran
3. China Is Losing a War Over Internet
4. Tower Embodies Dubai's Goals
5. Economists Are Often Cheapskates

Most emailed in Asia

1. Battling Over God's Name in Malaysia
2. Economists Are Often Cheapskates
3. Malaysians Flock Online Over Ruling
4. Apple to Ship Tablet Device in March
5. E-Books Gain Traction in China

Digits

blogs.wsj.com/digits

Will 2010 be the year that Internet users cut back on friending, tweeting and connecting with their long-lost acquaintances?

Continuing coverage

Check out the images behind stories making news world-wide at wsj.com/PhotoJournal.

Health Blog

blogs.wsj.com/health

Scrutiny of financial ties between drug companies and doctors, all the rage in the U.S. these days, has spread to India.

Inside

Personal Technology: Google unveils sleek phone—unlocked. **8**

Business & Finance: Thai Airways director resigns. **17**

Corporate News: 'Avatar' scores big outside the U.S. **22**

Heard on the Street: Kia Motors gained traction in 2009. **32**

THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 Fax 852-2834 5291
www.wsj-asia.com

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 6269-2760; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

ADVERTISING SALES worldwide through Dow Jones International. Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 6269-2701; Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York: 1-212 659 2176. Or email: wsja.publisher@dowjones.com

Trademarks appearing herein are used under license from Dow Jones & Company. USPS 337-350ISSN 0377-9920

Fujii wishes to resign

Japan finance minister cites ill health, creating new problem for DPJ

By Takashi Nakamichi

TOKYO—Japanese Finance Minister Hirohisa Fujii said he wants to step down due to ill health, local media reported Tuesday, raising the possibility that the new administration would lose one of its foremost economic experts only four months after coming to power.

Mr. Fujii Tuesday told Prime Minister Yukio Hatoyama of his desire to quit because of health reasons but Mr. Hatoyama asked him to stay on, local media outlets reported. Late Tuesday, the Kyodo and Nikkei news agencies reported the government accepted the request, both citing lawmakers anonymously. Television broadcaster TBS reported that Mr. Fujii has been telling people around him that he wants to resign.

The reports couldn't be independently confirmed. A Finance Ministry spokesman said: "We don't know anything beyond what the minister said during the press conference" held earlier in the day.

The finance minister attended a cabinet meeting Tuesday morning. At the news conference that followed, he left it unclear what he would do. "The health check is still going on, but the doctors' decision is likely to come out quite soon," he said. "I will abide by the doctors' decision."

Mr. Fujii, 77 years old, was admitted to the hospital on Dec. 28 due to fatigue after compiling the national budget for the fiscal year starting April 1.

Asked whether he would consider stepping down in the event that his medical test results are bad, Mr. Fujii said he wouldn't answer such a "hypothetical question" and declined to elaborate on his current state of health.

Prime Minister Hatoyama "just listened quietly" when Mr. Fujii told him that the outcome of the health check will soon come out, Mr. Fujii said.

A resignation by Mr. Fujii could be a major setback for the Democratic Party of Japan-led government, which is filled with a large number of relatively young politicians. The administration would likely need Mr. Fujii's help to steer two major spending plans through Parliament in the coming weeks that contain fresh steps to stimulate the nation's weak economy.

Party heavyweight Naoto Kan, currently deputy prime minister, is being touted as a likely successor. Mr. Kan is also in charge of the National Policy Unit, a body charged with outlining budgets and long-term policy goals. Opposition politicians have attacked Mr. Kan, saying the unit—a central part of Mr. Hatoyama's platform—hasn't lived up to the fanfare of its launch.

Another potential candidate is Yoshito Sengoku, state minister in charge of administrative reform. The DPJ's campaign to wrest the policy-making process from the hands of bureaucrats was an early success with voters. Mr. Sengoku has also been pushing ministers to cut wasteful projects—a key mission for the government given the economy is flagging.

Mr. Fujii's deputy, Senior Vice Finance Minister Yoshihiko Noda, is also a possible successor. Mr. Noda, who represented Japan in a Group of 20 meeting in November in Mr. Fujii's stead, has spoken out against the yen's recent strength and has opposed calls from ministries asking for bigger budgets.

One of the few DPJ lawmakers with governing experience—including a previous stint at the head of the Ministry of Finance in the early 1990s—Mr. Fujii was picked to lead the ministry when the DPJ came to power in September.

He has been one of the architects of the two key budgets recently compiled by the government. One is the second supplementary budget for the current fiscal year ending in March, to deliver on a 7.2 trillion yen ($77.76 billion) stimulus package. The other is the regular fiscal 2010 budget, which amounts to a record 92.299 trillion yen.

The government is hoping to have the extra budget enacted this month, and the fiscal 2010 budget by the end of March.

—Alison Tudor contributed to this article.

Associated Press

Japanese Finance Minister Hirohisa Fujii arrives for a cabinet meeting Tuesday at the prime minister's residence in Tokyo. He said he would like to step down.

Iceland veto imperils bank bailouts, EU bid

By Charles Forelle

BRUSSELS—Iceland's president vetoed a bill to reimburse the U.K. and the Netherlands for bailing out depositors of a failed Icelandic bank, throwing into question the international plan to rescue the island nation's banks and casting doubts on its bid to join the European Union.

President Ólafur Ragnar Grímsson Tuesday cited massive public opposition in his decision to reject the bill, which was approved in late December by the Icelandic parliament after months of wrangling.

Iceland's president is the head of state, but rarely wields real executive power. The veto was only the second time since Iceland's independence from Denmark in 1944 that a president used that authority.

Under Iceland's constitution, the bill—which calls for nearly $6 billion in repayment over 15 years, plus interest—will be put to a public referendum. Opinion polls suggest it has little chance.

But without the payback, Iceland may lose or delay access to badly needed bailout money from the International Monetary Fund and Nordic neighbors. The IMF has approved $2.1 billion in rescue aid, but not all has been distributed.

British and Dutch authorities were stern. The U.K. Treasury said Britain "expects Iceland to live up to its obligations."

"We are very disappointed about the decision," said a Dutch finance-ministry spokesman. "Iceland has the obligation to pay back the money."

Almost since the onset of the financial-system collapse in October 2008, Icelanders have blamed a cadre of greedy bankers for turning a prosperous nation into an international economic pariah. There is strong resistance to piling debt on ordinary citizens to undo the bankers' mess. The bill would have seen Iceland repay the U.K. £2.35 billion ($3.79 billion) and the Netherlands €1.32 billion ($1.89 billion) over 15 years. That amounts to nearly $20,000 for each of the 300,000 Icelanders.

European Pressphoto Agency

Ólafur Ragnar Grímsson speaks at a news conference in Reykjavik after issuing Iceland's second presidential veto since 1944.

The October 2008 collapse of one bank, Landsbanki Islands, triggered the trouble. Hundreds of thousands of British and Dutch depositors, wooed by high interest rates, had placed money with Landsbanki through an Internet arm operating in those countries called Icesave.

Under European financial rules, Iceland was required to maintain deposit insurance for those customers, but the collapse of all three of the island's big banks swamped the tiny insurance program. Britain and the Netherlands stepped in to cover their own citizens, and then demanded the money back from Iceland.

In a proclamation accompanying his decision to veto the bill, Mr. Grímsson made no reference to the high cost of paying the two countries back. He said a solution to the Icesave problem is "a prerequisite for the nation to be able to regain its former strength as soon as possible."

Mr. Grímsson said the people should have their say on the matter. He said he received a petition urging rejection signed by about a quarter of Iceland's voters.

Eiríkur Svavarsson, a spokesman for InDefence, a group of Icelanders that organized the petition, said the country would honor its debts but would do so "in line with its economic strength."

Iceland nearly closed the book on the Icesave matter in August, when parliament passed—and Mr. Grímsson signed—a bill authorizing a payback, but limiting it if Iceland suffered economic hardship.

Britain and the Netherlands said those limits weren't acceptable. Iceland's government moved to scale back the limits in the version passed last month that Mr. Grímsson vetoed Tuesday.

Mr. Svavarsson said the August bill might have been acceptable to Icelanders, even though it "stretched us to the maximum." The newer version, he said, puts too heavy a burden on the public.

It isn't clear how badly Mr. Grímsson's veto will disrupt the international aid on which Iceland depends. The IMF has said its funding isn't directly tied to an Icesave resolution, but notes that other lenders have made that condition, and it is reluctant to put money forward if others don't.

After the Icesave bill passed parliament in December, Standard & Poor's moved its outlook for the country's credit rating to stable from negative, saying the repayment would help free up aid funds. The veto thus augurs poorly for Iceland's credit rating.

Domestically, the rejection is a blow to the government of Prime Minister Jóhanna Sigurdardóttir. She came into power less than a year ago, after the worst of the economic storm, and was praised for helping to calm the nation. But she has staked much of her political capital on Iceland joining the European Union—which will be extremely difficult without some compensation to the U.K. and the Netherlands—and thus had labored hard to pass the Icesave bill. It has frayed her fragile coalition and cost her popular support.

In a statement, Ms. Sigurdardóttir said the government is "committed to ensuring that Iceland honors its international obligations."

The swift collapse of the banks triggered rapid unemployment on an island used to practically none, and thrust Iceland into recession. The country desperately needs foreign currency to support the Icelandic krona, which tumbled along with the banks in 2008. The ailing krona makes it difficult for the import-dependent island to buy goods overseas.

WORLD NEWS: ASIA

Taiwan leader vows to repair U.S. ties

Lawmakers vote to reinstate ban on certain U.S. beef imports, drawing criticism from the de-facto American embassy

By Ting-I Tsai

TAIPEI—Taiwan President Ma Ying-jeou pledged to try to repair ties with the U.S. Tuesday after lawmakers passed an amendment to resume a ban on certain U.S. beef imports.

Parliament's move to enact into law last week's proposal to reinstate the ban has prompted concerns in the U.S. and may stall the island's long-delayed trade talks with Washington. Mr. Ma said at a hastily convened news conference after the lawmakers' vote that the new restrictions would damage ties with the U.S. and hurt Taiwan's reputation.

The parliamentary move came in response to public concern that Taiwan lacks sufficient safeguards to prevent mad-cow disease. Tuesday's action reverses Mr. Ma's decision in October to again allow imports of U.S. ground beef, bone-in beef and cow offal, which came after two years of protracted negotiations between Taipei and Washington. U.S. congressional representatives from beef-producing states had pressed Taiwan to allow all kinds of U.S. beef to enter the island.

"We hope this won't change the improved trust between the senior levels of Taiwan and the U.S.," Mr. Ma said. "My administration will allocate all possible efforts to repair the ties," he said, emphasizing that his administration will consult with the U.S. on the issue.

Under the passed bill, an amendment to Taiwan's Food Sanitation Act, imports of ground beef and cow offal won't be allowed, while those of bone-in beef from cattle younger than 30 months will be.

Agence France-Presse/Getty Images

Opposition legislators in Taipei on Tuesday chanted protest slogans in Parliament, which passed an amendment to resume a ban on certain U.S. beef imports.

The U.S. government immediately expressed dismay at the reversal and hinted at weakened U.S. support for Taiwan's role in the global trading system.

The American Institute in Taiwan, the U.S.'s de-facto embassy in Taiwan, said in a statement the latest move "undermines Taiwan's credibility as a responsible trading partner and will make it more difficult for us to conclude future agreements to expand and strengthen bilateral trade and economic ties going forward."

The Office of the U.S. Trade Representative and the U.S. Department of Agriculture were scheduled to release a joint statement in Washington later Tuesday.

Mr. Ma said resumption of talks on a free-trade pact with the U.S. would be likely affected by the ban, though he didn't foresee any impact beyond trade.

The trade friction comes at a time when Taiwan is waiting for Washington to approve the sale of various weapon systems to the island. China, Taiwan's longtime military rival, is watching the approval process closely. According to the state-run Xinhua news agency, Beijing Tuesday again urged the U.S. to cancel its planned arms sales to the island. Taiwan Prime Minister Wu Den-yih said earlier Tuesday that the beef spat wouldn't affect the arms sales.

Taiwanese protesters have staged rallies and demanded to hold a referendum on the beef issue since the government lifted the beef ban in October. The government has repeatedly assured the Taiwanese people that U.S. beef is safe. Mad-cow disease is a brain-wasting disease in cattle, which in humans can cause a variant form, Creutzfeldt-Jakob disease.

Taiwan imposed bans on the imports of U.S. beef in 2003, and partially relaxed the ban to permit boneless U.S. beef in 2006. Taiwan received 2% of total U.S. beef exports in 2007 and 2008, placing it among the top six importers of U.S. beef in those years.

The administration of President Barack Obama is widely expected to notify Congress in the next few weeks about the arms sales promised by President George W. Bush, including UH-60M Black Hawk helicopters, the remainder of a Patriot PAC-3 missile-defense package, an initial submarine design study, and the second phase of the Po Sheng C4ISR/Link 16 command and control program.

Murder trial to test Philippine justice system

By James Hookway

The Philippines' justice system began its stiffest test in years on Tuesday as the prime suspect in November's grisly massacre of 57 people pleaded not guilty to murder.

Wearing handcuffs and surrounded by armed officials, Andal Ampatuan Jr. sat impassively as a court official read 41 murder charges against him at a specially converted courtroom inside Manila's police headquarters, the Associated Press reported.

Mr. Ampatuan's lawyer, Sigfrid Fortun, applied for bail for this client, saying the evidence against Mr. Ampatuan was fabricated by his political opponents. A hearing on the bail application will take place next week. Chief state prosecutor Jovencito Zuno told reporters the case against Mr. Ampatuan is "airtight."

The scion of a prominent political clan in the strife-torn southern Philippines, Mr. Ampatuan is accused of orchestrating the murder of some of his family's political rivals as well as dozens of journalists on a grassy hillside in Maguindanao province. It was the worst act of political violence in the country's history. Many of the bodies were found in hastily dug graves, and the killings stirred fresh fears of violence in the lead-up to national and local elections in May.

Political analysts say it's important that the Philippine government competently try Mr. Ampatuan and several other members of his family—including his father, a former provincial governor—who have been arrested and charged with rebellion. The family maintains it is innocent. Trials for the rebellion charges haven't begun.

The Ampatuans are longstanding supporters of President Gloria Macapagal Arroyo who, like other leaders before her, helped arm the clan and others so that local chiefs' private armies could help contain Muslim and Communist insurgencies in the area.

The Philippines has long struggled to rein in some well-connected politicians, and frequently those in legal trouble have received lenient treatment from courts or presidents.

Former congressman Romeo Jalosjos, given a life sentence for raping an 11-year-old girl, served only 12 years before getting freed last year as Mrs. Arroyo commuted his sentence. In 2001, impeachment proceedings against President Joseph Estrada due to corruption allegations collapsed in chaos, leading to a popular street revolt that forced the former movie actor from office. He was later convicted in court on corruption charges but was quickly pardoned by Mrs. Arroyo.

The International Crisis Group, a Brussels-based group that works to help resolve local conflicts across the world, said in a recent report that the Maguindanao massacre case "could be turned into a model of how justice can be improved in the Philippines." It urged prosecutors to use forensic evidence where possible and called on authorities to vigorously track down remaining suspects to "ensure that those responsible for the planning and execution of the killings are convicted and kept in prison for a very long time."

The group also urged the government to toughen prison security and carefully screen the detainees' visitors to ensure that those charged in the case don't escape—a frequent problem in the Philippines.

The massacre stirred international outrage, not least among media groups, who considered the killings the single-worst recorded attack on journalists. About 30 reporters who accompanied members of the rival Mangudadatu family were killed. Mrs. Arroyo briefly declared martial law in Maguindanao to help the national army begin to dismantle clan-run ones there.

Members of the Ampatuan family were expelled from Mrs. Arroyo's political party immediately after the killings came to light.

Reuters

Andal Ampatuan Jr., shown as he arrived Tuesday at Manila's police headquarters for the start of his trial. He pleaded not guilty to charges of murdering 41 people.

WORLD NEWS: ASIA

China's cold spell threatens power supplies

By Shai Oster

BEIJING—China faces potential power shortages as parts of the country struggle with the coldest weather in decades, authorities said Tuesday. The cold spell is expected to persist through the week, driving up demand for heating and electricity.

In the city of Wuhan, a major industrial hub in central China's Hubei province, officials said they were restricting industrial electricity use to ensure sufficient power to heat homes. Several provinces reported that stockpiles of coal used for generating electricity had been driven down from already-low levels after a cold snap in November, state media said.

Beijing faced its coldest weather in half a century on Tuesday, as low as minus 17 degrees Celsius, while residents dug out from the worst snowfall in decades. Services were gradually being restored on Tuesday after schools, airports, roads and railroads closed Monday.

A spokesman for State Grid Corp., which operates most of China's power-distribution network, said the company was moving power to Hubei from other provinces, the Associated Press reported. "We are putting a priority on residential power consumption," said the spokesman, Liu Xinfang. "We are asking factories to take turns cutting power use. Then we will ask commercial facilities to limit power use," the AP reported.

Coal stockpiles in parts of central and eastern China were near depletion. State media said Jiangxi province had an 11-day supply of coal. Coastal Shandong province had nine days.

Getty Images

A man riding an improvised sled-cycle leads a sheep across a frozen lake in Beijing Tuesday, as the city digs out from its biggest snowfall in more than 50 years.

Some power plants shut down in Anhui and Henan provinces. Power plants in Jiangsu and Hubei provinces and the city of Shanghai were curtailing operations.

China relies on coal for about 70% of its power. In November, China ramped up imports of liquefied natural gas to alleviate widespread gas shortages after the cold spell in November and an unusually early snowfall. Some cities started curtailing gas supplies to certain businesses. Natural gas is widely used for power generation, heating and cooking.

State media said natural-gas supplies for industrial users were again being rationed in the city of Hangzhou in eastern China's Zhejiang province, with officials warning shortages could worsen if the cold lasts.

China's peak natural-gas season typically starts in December and lasts through January. In November, officials were already expecting to face some possible shortfalls this year.

Underlying the weather-related demand is an overall recovery in the economy that had already pushed up electricity use, said the state-run Xinhua news agency.

—Gao Sen and Bai Lin contributed to this article.

©2010 Towers Watson. All rights reserved.

Introducing Towers Watson.
Broader perspective to deliver real-world results.

See it clearly

Towers Perrin and Watson Wyatt have come together as Towers Watson. **A global company with a singular focus on our clients and their success.**

Now you can count on 14,000 experienced professionals for deep global and local expertise. For a collaborative approach grounded in rigorous analytics. And for the perspective to connect the big picture to your picture. So you can see your way clear to improved business performance.
Towers Watson. Clear Results.

TOWERS WATSON

towerswatson.com

Benefits | Risk and Financial Services | Talent and Rewards

WORLD NEWS

More names get shifted to no-fly list

Additional security changes expected after a White House review of the Christmas Day airliner bombing attempt

By Jonathan Weisman And Evan Perez

The Obama administration has transferred dozens of names from a broad terrorism database to watch lists that are more closely monitored in an effort to plug security holes revealed by the Christmas Day airline-bombing attempt.

President Barack Obama was set to announce new security measures after meetings Tuesday with his cabinet, national security team and members of Congress.

Mr. Obama met Monday with White House counterterrorism chief John Brennan, National Security Adviser James Jones and Deputy National Security Adviser Tom Donilon ahead of a broader security team meeting Tuesday.

At that meeting, White House officials said, Federal Bureau of Investigation Director Robert Mueller is expected to detail the investigation into how Umar Farouk Abdulmutallab was able to allegedly smuggle explosives onto a Northwest Airlines flight, despite warnings about him and numerous signs a terrorism plot was in the works.

Attorney General Eric Holder will detail plans to prosecute Mr. Abdulmutallab in federal court, and Homeland Security Secretary Janet Napolitano will discuss detection capabilities that are being reviewed and bolstered. Mr. Brennan will lay out initial findings of a security review, and more than a half-dozen agency heads, from the Department of Energy to the Central Intelligence Agency, will present their internal reviews as well as changes they are implementing in the wake of the Christmas Day plot.

Mr. Obama has attributed the plot to the al Qaeda affiliate in Yemen, which also has claimed credit for sending Mr. Abdulmutallab on his alleged mission.

White House spokesman Bill Burton said counterterrorism officials have examined "thousands upon thousands" of names from the Terrorist Identities Datamart Environment list, to which Mr. Abdulmutallab was added in November. Dozens of names were shifted to the Transportation Security Administration's no-fly list, or to the Secondary Security Screening Selection list, also known as the selectee list.

European Pressphoto Agency

Yemenis walk past a blocked-off street leading to the U.S. embassy in the capital San'a on Monday. The U.S. and British embassies there extended their closure for a second day over terrorist threats.

The Christmas Day bombing attempt and recriminations that followed have set in motion policy responses with global reverberations. Security forces in Yemen, following consultations with U.S. officials, killed two alleged al Qaeda militants Monday in a village outside the capital of San'a, where the U.S. embassy reopened Tuesday after a two-day closure.

The British embassy which also closed Sunday, resumed operations except for the consular and visa sections, the Associated Press said. France, Germany and Japan shuttered their embassies in San'a on Monday, citing similar threats.

Intelligence, defense and law-enforcement agencies forwarded reports to the White House Monday night on their assessments of what Mr. Obama called "systemic" failures that allowed the bombing plot to proceed.

The earliest word about Mr. Abdulmutallab, much of which was piecemeal and unspecific, appears to have come via intercepts made by the National Security Agency, U.S. officials said. The agency is monitoring suspected extremists in Yemen, including radical U.S.-born cleric Anwar al-Awlaki, who had contact with Mr. Abdulmutallab and with the suspect in the Fort Hood, Texas, shooting spree in November.

Some NSA intercepts date to late summer 2009 when "chatter" suggested extremist groups in Yemen were preparing an attack using a Nigerian. Officials said the information wasn't specific and only in hindsight was its importance known.

Later, U.S. embassy consular officials and a CIA official met in Nigeria with the bombing suspect's father, who relayed concerns about Mr. Abdulmutallab's possible radicalization. The State Department says it made a report that was added to Mr. Abdulmutallab's file for future use in case he applied for a new visa.

The CIA official in Nigeria prepared a report and forwarded it to Washington, where Mr. Abdulmutallab was added to the nation's broadest terrorism database. The information, however, wasn't disseminated to other parts of the U.S. counterterrorism network.

Much of the data flowing into U.S. security agencies are supposed to be pulled together at the National Counterterrorism Center, which falls under the director of national intelligence. The counterterrorism center has said the CIA lacked specific information that would have allowed it to put Mr. Adbulmutallab on a no-fly list.

Secretary of State Hillary Clinton Monday defended the State Department's handling of the case.

Based on the information that she has now, Ms. Clinton said, the department "fully complied with the requirements set forth in the interagency process" about what should be done when information is provided about a threat. But, she said, "We are not satisfied. We are conducting an internal review."

—Siobhan Gorman and Margaret Coker contributed to this article.

Ghana investigates visit by bomb suspect

By Sarah Childress

KADUNA, Nigeria—Officials in Ghana said that suspected airline bomber Umar Farouk Abdulmutallab spent more than two weeks in that country before mounting his alleged Christmas Day attack, but said they didn't know how Mr. Abdulmutallab spent his time there, or whom he met with.

The stay in Ghana, longer than previously believed, could open a new front for investigators in a global probe of Mr. Abdulmutallab's movements before his alleged attempt to bring down a Northwest Airlines flight.

Ghanaian officials are investigating his stay in the country. They have also criticized the U.S. and U.K. for not sharing information about Mr. Abdulmutallab before his arrival in Ghana, which they say might have tipped them off that he was a threat.

The Ghanaian government said Mr. Abdulmutallab arrived in Accra on Dec. 9. He stayed for just over two weeks before flying to Lagos to board his flight to Amsterdam, where he connected to the Detroit-bound flight that he allegedly attempted to attack with explosives sewn into his underwear.

Ghana's Deputy Information Minister Samuel Okudzeto-Ablakwa said Mr. Abdulmutallab arrived at 3:20 a.m. on Dec. 9, on an Ethiopian Airlines flight from Dubai via Addis Ababa.

He didn't encounter any immigration trouble because the Ghanaian government didn't have information the U.S. and U.K. had that might have raised alarm, Mr. Okudzeto-Ablakwa said.

Mr. Abdulmutallab's father had told U.S. and Nigerian authorities of his concern about his son's growing extremism, and British officials in May 2009 denied Mr. Abdulmutallab a student visa to re-enter that country, where he had graduated from college in 2008.

During his stay in Accra, Mr. Abdulmutallab kept a low profile, Mr. Okudzeto-Ablakwa said: "So far we have not stumbled on who he met with, or whether he met with anybody."

Ghanaian officials confirmed an earlier statement from Nigerian officials that Mr. Abdulmutallab had purchased his ticket to the U.S. in cash at a KLM office in Accra.

At some point, he also purchased a one-way ticket in cash from Accra to Lagos, Mr. Okudzeto-Ablakwa said. After 13 days in Accra, he boarded Virgin Nigeria flight 804 from Accra to Lagos on Dec. 24, which departed at 5:06 p.m.

A key question emerging in the investigation of Mr. Abdulmutallab is why he returned to Nigeria so briefly before departing for the U.S.

Mr. Abdulmutallab, who was generally known as Farouk, grew up in privilege as the son of one of the country's most prominent bankers.

He lived in spacious homes across Nigeria, from Lagos to Funtua, his father's childhood home in the north of the country.

His childhood was spent in the exclusive neighborhoods of Kaduna, a town on Nigeria's often violent Muslim-Christian divide about two hours north of the capital, Abuja.

Mr. Abdulmutallab lived for most of his childhood in a large, pale yellow residence behind a high wall lined with palm trees. His father had two wives, as is the custom for many Nigerian men, and several children.

Aisha, the second wife, is Mr. Abdulmutallab's mother.

When he was only three or four years old, Mr. Abdulmutallab went with his older siblings to the nearby madrassa in the evenings for his first lessons on Islam, according to Musa Umar Dumawa, the school's director, and the imam at the attached mosque.

When he was old enough, he attended an elite primary school, Essence International School, a secular institution. The sons and daughters of many ministers and businessmen enrolled there.

He then went to a school in Togo favored by elites in West Africa for its quiet surroundings, and exposure to students from around the world.

After he left for Togo, those who knew him in Kaduna saw him only when he came home on holidays, and even those sightings were rare.

WORLD NEWS

Double agent blamed for CIA deaths

Officials say suicide bomber inside the Afghan base was a Jordanian doctor who likely was working with al Qaeda

WASHINGTON—The suicide bomber who killed seven Central Intelligence Agency employees and contractors and a Jordanian intelligence officer in Afghanistan was a double agent the CIA had recruited to provide intelligence on senior al Qaeda leadership, according to current and former U.S. officials and an Afghan security official.

By ***Siobhan Gorman, Anand Gopal*** *and* ***Yochi J. Dreazen***

The officials said the bomber was a Jordanian doctor likely affiliated and working with al Qaeda.

The Afghan security official identified the bomber as Hammam Khalil Abu Mallal al-Balawi, who is also known as Abu Dujana al-Khurasani. The Pakistani Taliban also claimed that Mr. al-Balawi was the bomber, Arabic-language Web sites reported Monday.

Mr. al-Balawi was brought to the CIA's base in Khost Province by the Jordanian intelligence official, Sharif Ali bin Zeid, who was working with the CIA, according to the Afghan security official.

The bomber appears to have been invited to an operational planning meeting on al Qaeda, a former senior U.S. intelligence official said. "It looks like an al Qaeda double agent," the former official said. "It's very sophisticated for a terrorist group that's supposedly on the run."

The blast on Dec. 30 killed four CIA officers, including the Khost base chief; three CIA contractors; and Mr. bin Zeid, officials said. Six CIA employees were wounded in the attack.

The Al Jazeera television network reported that the bomber had initially been recruited to provide intelligence on the whereabouts of Osama bin Laden's top deputy, Ayman al Zawahiri. That couldn't be independently confirmed immediately.

The CIA's deputy chief of station from Kabul traveled to the meeting at the CIA Khost base, Forward Operating Base Chapman, according to former intelligence officials, pointing to the meeting's importance.

Associated Press

CIA Director Leon E. Panetta, shown in February, attended a ceremony to honor the seven killed employees and contractors.

The officer was wounded in the attack, according to people familiar with the matter.

Both the Pakistani Taliban and the Afghan Taliban have claimed responsibility for the attack. The Afghan Taliban fights alongside an array of allied militants including the Haqqani network, an Islamic extremist group that operates in Afghanistan and Pakistan and maintains close ties to al Qaeda.

The U.S. and Jordanian intelligence services have worked closely together for years, said a former senior intelligence official. "There's a confidence level with them," the former official said. Mr. al-Balawi likely was seen as trustworthy because he'd previously provided the U.S. with valuable intelligence, said the former intelligence official. "This is someone they obviously trusted very, very much," the former official said.

Since Mr. al-Balawi was perceived by U.S. authorities as a cooperative intelligence informant, that could explain why he was not more thoroughly searched upon entering Chapman. It also would explain how he gained access to top intelligence officials.

Mr. al-Balawi was an active recruiter and an "elite writer" on al Qaeda's password-protected al-Hisba Web site, where he went by the name Abu Dujana al-Khurasani, according to the monthly journal of the U.S. Military Academy at West Point's Combating Terrorism Center.

In a posting on the site in May of 2007, Mr. al-Balawi sought to persuade people from a variety of backgrounds, including African-Americans, Native Americans, Vietnamese and poor immigrants to join the fight against their "oppressor," the U.S., the West Point analysts found.

Mr. al-Balawi had studied medicine in Turkey with government funding, according to a translation of the Jordanian Web site Jerasa News by the Middle East Media Research Institute. He left Jordan about a year ago after being detained for a few months by Jordanian intelligence officers.

The Jordanian news outlet cited eyewitness reports that Jordanian security forces had arrested Mr. al-Balawi's youngest brother and summoned his father after the blast. They warned his father not to put up a mourning tent, fearing it could attract jihadis, the news outlet said.

Senior U.S. military officials believe that the Khost attack was carried out with the active assistance of the Haqqani network, which has mounted dozens of bloody attacks inside Khost that have turned the province into one of the most violent regions of Afghanistan.

U.S. policy makers worry that any territory that falls under Haqqani control in either Afghanistan or Pakistan could quickly become a new safe haven for al Qaeda, whose senior leaders have known and fought alongside the Haqqani family for decades. The CIA and elite U.S. Special Operations troops have responded to the Haqqani group's offensive in Khost with a stepped-up campaign targeting the militants, and senior officials say more than two dozen Haqqani officials have been killed in recent weeks.

While coordination between the Haqqani network and the Pakistani Taliban is rare, members of both groups have said that they cooperated in the past. "At times they [Pakistani Taliban] send suicide attackers to our area, and we give them shelter and find targets for them," said a former Haqqani commander in an interview this summer. The commander has since left the group and made peace with the Afghan government.

A U.S. intelligence official declined to speak about the specifics of the attack but said the agency "is looking closely at every aspect of the Khost attack." The official added, "The agency is determined to continue pursuing aggressive counterterrorism operations. Last week's attack will be avenged."

A former senior intelligence official said that al Qaeda had attempted to run double agents against the CIA prior to 9/11, but such efforts appeared to trail off after the 2001 offensive in Afghanistan that drove them into the tribal regions of Pakistan.

The bodies of the seven CIA employees arrived in the U.S. Monday, and CIA Director Leon Panetta, along with other agency officials and family members, attended a private ceremony at Dover Air Force Base to honor them, said CIA spokesman George Little.

—James Oberman contributed to this article.

New rules on flights gain support of airline groups

By Melanie Trottman And Mike Esterl

WASHINGTON—Airline groups expressed support Monday for new U.S. rules that mandate tougher screening for passengers traveling to the U.S. from 14 designated countries and ease a requirement that all U.S.-bound passengers be subjected to enhanced screening measures.

"We believe [the new measures] enhance security for the flying public, and they're being implemented in the most convenient manner," said David Castelveter, a spokesman at the Air Transport Association, an umbrella group for U.S. airlines.

The new rules require that all passengers flying to the U.S. from countries designated as state sponsors of terrorism or certain other countries "of interest"—including Afghanistan, Pakistan and Nigeria—will be subject to enhanced screening, which could include full-body pat-downs, a physical inspection of personal property, or screening by one of the 40 advanced-imaging machines located in 19 U.S. airports, said a Transportation Security Administration official.

In addition, the majority of passengers flying from anywhere in the world to the U.S. will now be screened using enhanced security measures, said a TSA official.

International and domestic airlines were reluctant to comment specifically on the new TSA policy, issued in the wake of an attempt to blow up a Northwest Airlines jet en route to Detroit from Amsterdam on Christmas Day.

A spokesman for **AMR** Corp.'s American Airlines said travelers should expect to see varying degrees of security screening, with some measures taking longer than others. A representative for **Continental Airlines** Inc. said the carrier continues to advise passengers to allow for extra time while traveling, especially internationally, to get through security. A representative for **Delta Air Lines** Inc., the world's biggest carrier by traffic, said the airline was "not aware of any real meaningful delays for U.S.-bound flights" Monday afternoon. Several industry officials indicated they would need to assess lines at airports to determine the impact of the new screening procedures.

Meanwhile, the new TSA rules represent an easing from the agency's initial response to the bomb attempt. The International Air Transport Association, which represents international air carriers, said it "understands the need for government-mandated emergency security measures," but those measures should be revised as information is gathered in the investigation. The TSA's latest directive "is a welcome step in the right direction," the IATA said Monday.

The TSA said Monday that its latest directive includes "long-term, sustainable" security measures, indicating that these measures could be in place for the foreseeable future. In the coming months it plans to begin deploying an additional 150 advanced imaging technology machines it has purchased.

Reuters

Children have their boarding passes checked Monday by a TSA employee at Reagan National Airport near Washington, D.C.

—Suzanne Sataline contributed to this article.

Google's Nexus One is a bold, new face in super-smartphones

Device carries right combination of hardware and software to attract more users away from iPhone, BlackBerry

By Walter S. Mossberg

Google this week is taking two dramatic steps to try to catapult devices using its Android mobile operating system into stronger competition with **Apple**'s iPhone and **Research in Motion**'s BlackBerry in the battle for supremacy in the super-smartphone category.

PERSONAL TECHNOLOGY

First, the search giant is bringing out a beautiful, sleek new Android phone, the Nexus One, built to its specifications. Second, it has decided to offer the new phone—and future models—to consumers directly, unlocked, via the Web, and then invite multiple carriers to compete to sell service plans and subsidized versions of the hardware.

One carrier is ready to support the Nexus One on Day One: the U.S. arm of **T-Mobile**, a longstanding Google partner. The new Google Phone, built by **HTC** of Taiwan, will cost $529 unlocked direct from Google, at google.com/phone. It will cost $179 from T-Mobile online with a two-year contract that will set you back $79.99 a month.

Verizon Wireless in the U.S. and **Vodafone** in Europe will sell the Nexus One eventually at subsidized prices that haven't yet been announced. All of this will take place on a Google-hosted Web site, a much easier way to buy a phone and service than is typical today, and one that promises to further weaken the power of the carriers.

The company also plans to sell the costlier, unsubsidized version to consumers in the U.K., Hong Kong and Singapore immediately. Like Americans who buy this unlocked version, these customers will have to purchase carrier service separately, something they should be able to obtain right away by just buying and inserting a SIM card from a carrier with compatible technology.

I've been testing the Nexus One for a couple of weeks and I like it a lot. It's the best Android phone so far, in my view, and the first I could consider carrying as my everyday hand-held computer. It is a svelte gray device with a 3.7-inch, high-resolution screen; a thin strip of buttons underneath for home, back, menu and search; and a trackball.

The Nexus One finally has the right combination of hardware and software to give Android a champion that might attract more people away from their iconic iPhones and BlackBerrys. It has a larger screen than Apple's phone, and is a bit thinner, narrower and lighter—if a tad longer. And it boasts a better camera and longer talk time between battery charges.

Also, because it will be available on the large, well-regarded Verizon 3G network, the Nexus One could tempt American iPhone users, tired of problems with **AT&T**, to switch.

Google

The Nexus One has a larger screen than Apple's phone, and is a bit thinner, narrower and lighter—if a tad longer. And it boasts a better camera and longer talk time between battery charges.

Nexus One versus the iPhone

Feature	**Google Nexus One**	Apple iPhone 3GS
User-accessible memory	**4 gigabytes, expandable to 32 gigabytes**	16 or 32 gigabytes, fixed
Available 3rd-party apps	**Around 18,000**	Over 100,000
Memory for application storage	**190 megabytes**	Nearly the full capacity of phone
Syncs media files with PC or Mac	**No, manual copying only**	Yes, iTunes
Multitasking of apps	**Yes**	Only Apple apps
Removable battery	**Yes**	No
Claimed voice-calling battery life on 3G	**7 hours**	5 hours

Sources: Google, Apple, T-Mobile, AT&T

The iPhone still retains some strong advantages. It boasts well over 100,000 third-party apps—around 125,000 by some unofficial estimates—versus around 18,000 for the Android platform. And it has vastly more memory for storing apps, so you can keep many more of them on your phone at any one time. On the Nexus One, only 190 megabytes of its total 4.5 gigabytes of memory is allowed for storing apps. On the $199 iPhone, nearly all of the 16 gigabytes of memory can be used for apps.

In fact, the $199 iPhone 3GS has roughly four times as much user-accessible memory out of the box, though the memory on the Nexus One can be expanded via memory cards. Apple also has a more-fluid user interface, with multitouch gestures for handling photos and Web pages.

As for the BlackBerry, its user interface looks older and clumsier with each passing day, but it has a beautiful physical keyboard many users love, while the Nexus One has a virtual, onscreen keyboard.

The Nexus One is packed with its own tricks. Its version of Android, code-named "Eclair," is essentially the same improved edition as the one that appeared on the **Motorola** Droid back in November. But it has a few new features, including an experimental dictation capability. You just press a microphone icon on the keyboard and start talking, and the words appear. In my tests, this worked only adequately at best, and very poorly at worst, but Google insists it will learn and improve.

The phone also has handsome new visual features, including "live wallpaper," with waving grass or pulsing colored lines; and a new zooming effect when you want to view icons that aren't on your main screens. In addition, you can now view miniatures of your five main screens to help you navigate to the one you want.

The Nexus One also has all the key software features introduced in the Droid, including free turn-by-turn voice-prompted navigation.

In my tests, overall, the Nexus One worked very well. The latency I had seen in earlier Android phones is gone, due to a slicker version of the operating system and faster chips. The phone feels good in the hand and the screen is magnificent, with much greater resolution than the iPhone's.

I like very much the way social-networking information, including status messages, is integrated into the contacts app. One tap on a person's picture in Contacts lets you quickly choose whether to call, email or message her, or map her address—all without opening the contact card itself.

I also liked the pictures and videos I was able to take with the five-megapixel camera and flash, which I preferred to my iPhone's camera. You can even view a photo slideshow or listen to music when the phone is in the optional desktop dock.

But there are some downsides to the Nexus One. Like all Android phones, it relies too much, in my view, on menus that create extra steps, including some menus that have a built-in "more" button to display a secondary menu of choices.

I also found the four buttons etched into the phone's bottom panel sticky and hard to press. In addition, although the Nexus One claims seven hours of talk time versus five hours for the iPhone, most of its battery-life claims for other functions are weaker than Apple's.

For instance, Google claims just 6.5 hours of Wi-Fi Web use per charge, versus nine for the iPhone, and 20 for music playback versus 30. Google claims this is because, unlike Apple, it allows the simultaneous use of third-party apps, which can drain the battery faster.

In addition, the Nexus One, and other Android devices, still pale beside the iPhone for playing music, video and games. The apps available for these functions aren't nearly as sophisticated as on the Apple devices.

Finally, the iPhone is still a better apps platform. Not only are there more apps, but, in my experience, iPhone apps are generally more polished and come in more varieties.

But, with its fresh phone and bold business model, Google is taking Android to a new level, and that should ramp up the competition in the super-smartphone space.

Find all of Walt Mossberg's columns and videos online, free, at the All Things Digital Web site, walt.allthingsd.com. Email him at mossberg@wsj.com.

CURRENTS

Freighters are ready to battle pirates

Some cargo ships break maritime tradition by taking up arms, but many carriers fear that will instead threaten safety

By John W. Miller

Agence France-Presse/Getty Images

Commercial vessels are hiring private-security firms or allowing military personnel on deck, including this fishing boat that French marines recently protected.

FREIGHTERS that ferry goods in the pirate-infested waters off the coast of Somalia have a new and unusual cargo: armed guards.

Shipping firms in the modern era have resisted packing heat even in areas where attacks are common. Their reasoning: A firefight leading to lawsuits, damaged goods or a sunken ship could cost hundreds of millions of dollars, a sum far exceeding the few million dollars in ransom that pirates usually demand.

But some shipping companies and fishing vessels are tacking away from a longstanding tradition of unarmed sailing amid escalating violence on the high seas. And pirates, who once used small arms as their weapon of choice, now resort to heavier armaments such as grenade launchers, shipping and security firms say. Besides, they note, recent armed conflicts have had some success repelling pirates.

Still, the majority of the international maritime community resists using lethal force because it "poses incredible logistical challenges, potentially violates many national and international laws, and is contrary to maritime conventions," says James Christodoulou, chief executive of Industrial Shipping Enterprises Corp.

One of Mr. Christodoulou's ships, the MC Biscaglia, was hijacked in November 2008, then released after a ransom payment of over a million dollars two months later. Despite being a victim, he still rejects weapons. They could, he says, endanger merchant crews in captivity and "turn the Indian Ocean and the Gulf of Aden into a shooting gallery."

Though no commercial seamen have been killed by pirates, conflicts are escalating. According to the International Maritime Bureau, a London-based trade group, there were 324 attempted boardings by pirates around the world in the first 10 months of 2009, up from 194 in the same period in 2008.

About half the raids were in the Gulf of Aden. Of those, there were 47 successful hijackings in the region in 2009, up from 42 in 2008, the IMB says. The increase, though slight, was surprising, because a trading slump has reduced the number of ships at sea, and a 15-vessel military armada, coordinated by the North Atlantic Treaty Organization and the European Union, was supposed to squelch the problem.

It doesn't look like pirates are taking any time off. On New Year's day, the U.K.-flagged Asian Glory, which transports cars, was hijacked in the Indian Ocean. Two days earlier, the M/V Pramoni, a chemical tanker from Singapore, was taken in the Gulf of Aden. That followed two hijackings after Christmas, and brought to 14 the total number of ships being held.

Piracy—and mustering the arms to thwart it—stretches back to the dawn of ocean trading. In the 16th century, commercial sailing ships "could be as well armed as warships," says Brian Lavery, author of "Ship: 5000 Years of Maritime History."

But in the 19th century, the end of monopolies like the East India Company meant greater competition, and amid the industrial revolution, there was a new emphasis on speed. Fast sailing vessels like the clipper, rushing to transact business, couldn't afford to be weighed down by ammo. And they could outrun pirates.

The practice of stocking weapons faded out, re-emerging only during wartime. The odd freighter may have a secret weapons trunk aboard, and those carrying nuclear waste have regularly equipped themselves with armed guards, say industry veterans. But "merchant ships don't like to enter fights," says Mr. Lavery. "Now their job is to get stuff from A to B as fast as possible, and that's what they take pride in."

Today, most fast ships, which cruise at speeds of 25 knots, can still outrun pirates. But oil tankers and bulk carriers, which typically cruise at 12 knots, aren't so nimble. Recent risk assessments by insurance companies and others have concluded that "sometimes the only way of keeping the ship safe is an armed guard," says Peter Hinchcliffe of the International Chamber of Shipping, another London-based trade group.

Security companies report an increase in requests for armed personnel, usually retired soldiers over the age of 30. After being hijacked in April and freed by U.S. Navy SEAL snipers, the Maersk Alabama brought on an armed private-security team, which successfully fought off an attack 480 kilometers off the coast of Somalia on Nov. 30. Nobody was hurt. Weapons were "not the preferred route," says Kevin Speers, a spokesman for Maersk Line Ltd. But after getting approval from the U.S. Coast Guard, Maersk hired the guards for transit through risky waters, he says.

A growing number of governments that flag ships now support arming vessels. After the Maersk Alabama attack, the U.S. started advising its ships to carry armed guards. Congress passed a bill limiting the liability of firms that use force against pirate attacks. In late October, Spain passed a law allowing armed security guards on Spanish-flagged ships.

Insurers, many of which require ships passing through the Gulf of Aden to carry kidnapping and ransom coverage, are also onboard with arming ships. Some have recently begun to offer special deals for ships that carry armed security guards. Hiscox Ltd., for example, now offers premium reductions of up to 50% for ships that buy armed protection.

One company that has used armed guards is Denmark's Clipper Group A/S, which operates and charters out some 80 vessels. In November 2008, one of them, the unarmed CEC Future, was hijacked off the coast of Somalia for two months, then released after a $1.7 million ransom was paid.

That prompted a change in philosophy, says CEO Per Gullestrup. A few months ago, Clipper, which employs many Russian crew members, accepted the Russian navy's offer of stationing six armed marines prominently on each of its ships going through the Gulf of Aden. Weapons, he adds, "are a good idea for ships that are particularly vulnerable: ships that are too low and slow."

Rates for a team of armed guards vary greatly, between $25,000 and over $100,000 for crossing the Gulf of Aden. They board ships at ports in Yemen, Djibouti or Oman. They hire local fishermen to take them out to the freighter that needs protection. After reaching the Suez canal, the men are flown back to the Gulf, or put on board a ship heading southward toward the Gulf of Aden.

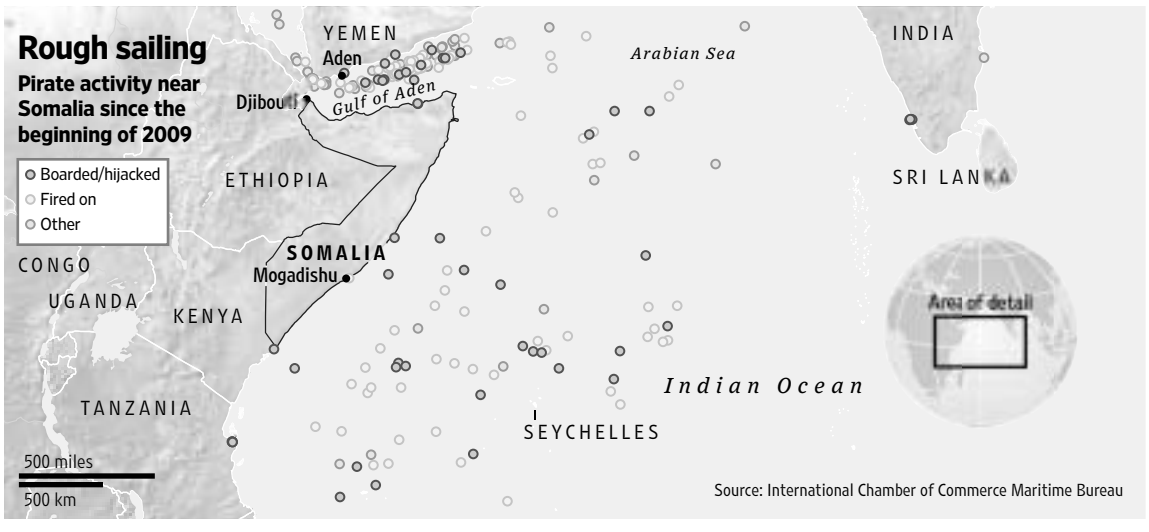
The guards carry handguns, but the risk of a catastrophic escalation is minimal, says Maritime Asset Security & Training co-director Philip Cable. Pirates "are there to take the ship, not kill people." So far, MAST guards have helped fend off seven attacks, none involving weapons.

Despite the growing threat, some shipping companies are still worried about lawsuits, threats to crew members and the cost of armed security. Many shipowners and security companies fear that in the event of a firefight they could face costly litigation in a foreign country where their rights might not be respected or where they could be prevented from doing business in the future.

John Harris, CEO of Hollowpoint Protective Services in Ridgeland, Miss., says the company doesn't provide armed guards for ships. But his business of providing unarmed guards is up 40% this year, and more companies are inquiring about having guns aboard. "But there are too many gray legal issues right now," he says. Shipping is a notoriously murky, complicated business due to multiple jurisdictions, says Mr. Harris. "A ship could be flagged in Liberia, crewed by Philippines, carrying German-owned cargo from Hong Kong to Rotterdam."

Security firms are developing alternatives to arms such as electrifying the ship rail, flooding the deck with slippery oil, and using long-range acoustic devices that make deafening noises.

Dutch consultancy Secure-Marine has developed hoses that project scalding-hot water. Still, says director Raphael Kahn, "armed guards are becoming more than incidental, especially for companies that can afford it."



THE PROPERTY REPORT

Godrej Properties is robust in debut

First-day performance suggests that investors continue to have an appetite for Indian property stocks

By John Satish Kumar

MUMBAI—Shares of **Godrej Properties** Ltd. soared Tuesday in their debut on the Bombay Stock Exchange, suggesting sustained investor appetite for real-estate stocks.

The shares opened at 514.75 rupees ($11.11), less than the 525 rupees the market had expected but well above the initial public offering price of 490 rupees. The share price ranged from 500 rupees to 586.70 rupees before closing at 534.55 rupees, 9.1% above the IPO price. About 1.8 million units changed hands.

The broad market ended slightly higher, with the Sensex up 0.7%.

The $99 million IPO is the first of a long list of Indian property companies that are seeking to raise a total of $5 billion from the primary markets in the next six months. Among the listing candidates are **Emaar MGF** and **Sahara Prime City**, which have applied to list and are awaiting regulatory approval.

In the past six months, publicly traded real-estate companies raised about $3.5 billion in secondary share sales to institutions, mostly to pay off debt.

Godrej Properties plans to use the funds raised from its share sale for land purchases, new projects, loan repayment and other purposes. The projects include a 35-acre residential and commercial site in the central Mumbai suburb of Vikhroli planned for the end of 2010.

The project would be a joint venture with Godrej Industries Ltd. and Godrej Consumer Products Ltd., but the real-estate developer would retain a 60% share in the profits.

Mumbai brokerage house Angel Broking said in an IPO note that Godrej Properties' share sale was fairly priced and that it has a "neutral" view on it.

"Our fair net asset value for Godrej Properties [based on its existing land bank] works out to 469 rupees a share. At the lower and higher [ends of the] price band, the IPO will trade at a 4%-12% premium to our one-year forward net asset value," the brokerage said.

Godrej Properties plans to use the funds raised from its share sale for land purchases, new projects, loan repayment and other purposes.

Another brokerage, Sharekhan, said that on a net-asset-value basis, the property developer is valued at 547 rupees a share. "Currently, not many real-estate companies trade at premium to their net asset value," Sharekhan said.

Godrej Properties is part of the 112-year-old Godrej group of companies that has operations from consumer goods and food products to security systems.

Hot property

10 largest IPOs in India's real estate/property sector on record

Priced	Issuer	Value, in millions
June 18, 2007	DLF	$2,263
July 9, 2007	Housing Development & Infrastructure	367
Nov. 11, 2006	Parsvnath Developers	220
Aug. 9, 2007	Puravankara Projects	194
July 26, 2007	IVR Prime Urban Developers	192
Dec. 13, 2007	Brigade Enterprises	165
July 20, 2007	Omaxe	137
Nov. 30, 2006	Sobha Developers	127
Dec. 14, 2009	**Godrej Properties**	**99**
Feb. 5, 2007	Akruti Nirman	80

Sources: Dealogic (IPOs), Thomson Reuters Datastream (Realty index)

Bombay Stock Exchange Realty index, Tuesday close: 3914.81, up 1.1%

Credit Suisse sued over resorts loans

By Jacqueline Palank

Property owners at four U.S. luxury ski and golf resorts are suing **Credit Suisse Group** AG for $24 billion, accusing the Swiss bank of running a "loan-to-own" program that loaded the resorts with debt so it could foreclose on their assets when the debt couldn't be repaid.

L.J. Gibson and Beau Blixseth filed the lawsuit seeking class-action status on Sunday in a U.S. District Court in Idaho, asking for damages on behalf of more than 3,000 investors who purchased property and homes at the four developments known as Lake Las Vegas, Tamarack, Ginn Sur Mer and Yellowstone Club. All of the developments, financed by Credit Suisse, have been in default or under bankruptcy protection, causing "billions of dollars" of losses to their investors, the suit said.

The property owners claimed they were hurt by Credit Suisse's alleged program because the bank falsely promised to provide such amenities as golf courses, ski runs and lifts, restaurants, pools and trails. Also, the resorts weren't run as promised "for the benefit of the homeowners and purchasers of lots of land," the suit alleged.

Credit Suisse spokesman Duncan King said Monday that "we believe the suit to be without merit, and we'll defend ourselves vigorously."

In the last decade, the Zurich-based bank was a big lender to upscale Western U.S. resorts. But the downturn in the housing market and the resultant credit crunch caused several high-end Rocky Mountain resorts—featuring multimillion-dollar homes and championship golf courses—to run aground in recent months.

Mr. Blixseth owns land at Yellowstone Club, which was developed by his father, Tim, with $375 million in financing from Credit Suisse in 2005. The resort sought bankruptcy protection in late 2008.

In the lawsuit, the property owners alleged the bank engaged in a plan to artificially inflate the values of the resorts so it could make huge loans and charge the resorts "tens of millions of dollars of exorbitant loan fees."

They allege that Credit Suisse knew the resorts wouldn't be able to perform under the loans, which would allow the bank to take the reins to the debt-saddled resorts cheaply.

The suit also names **Cushman & Wakefield** Inc. as defendant. The New York commercial-brokerage firm provided inflated appraisals to assist Credit Suisse in the plan, the complaint alleged.

A Cushman & Wakefield spokesman said: "The allegations are completely without merit, and we will defend ourselves vigorously."

The property owners are seeking a $600 million fund to be split among creditors, laborers and small businesses who the owners said were harmed by the Credit Suisse loan program.

The property owners aren't the first to take issue with Credit Suisse's role in the resorts' troubles.

U.S. Bankruptcy Court Judge Ralph B. Kirscher, who oversaw Yellowstone's bankruptcy case, last year, said Credit Suisse devised a "predatory" loan scheme that encouraged developers of several high-end resorts throughout the country to borrow large sums without regard for their ability to repay.

However, Judge Kirscher's ruling in the Yellowstone case was later vacated as part of a wide-ranging settlement that saw the resort exit from bankruptcy under new ownership.

BUSINESS REAL ESTATE

AUSTRALIA

REFICO
REAL ESTATE GROUP

Development Manager - Vietnam

Exceptional Career and Lifestyle Opportunity

Established in 2003, REFICO is one of Vietnam's leading property development companies. REFICO has a strong reputation for project delivery across residential and commercial properties. Based in Ho Chi Minh City, the company's reputation is built around its current investment portfolio, its blend of local knowledge and networks, and the expertise of its directors and senior executives. Currently they have a development portfolio that extends until 2013 with top-level commercial, residential and resort projects.

Globally the company works in tandem with Sakkara, a niche property development company with headquarters in Sydney, Australia. With operations in residential, retirement and commercial, Sakkara has a strong track record having participated in projects in excess of $4.6 billion.

This is an outstanding career and lifestyle opportunity.

You will identify and assess new business and spearhead the development process. Success demands a minimum of 10 years experience within the property industry, a number of which you will have been as a Development Manager. A broad commercial and practical understanding of property development is essential.

The capacity to lead, identify potential in people and to help them perform to the best of their abilities is essential. You are tenacious, analytical and able to plan ahead. A commercial focus, integrity, initiative and the ability to think on your feet will make you a strong contender.

To apply, please send a detailed written application and curriculum vitae addressed to Kathryn Davenport at Davenports (enquiries@davenports.asia).

DAVENPORTS
CONSULTING

No Plan for Japan

Prime Minister Yukio Hatoyama kicked off the new year with more grand promises to rev up Japan's unsteady economy. But Tokyo's "New Growth Strategy," released last week, really represents more old thinking.

Like the Liberal Democratic Party they replaced in September, Mr. Hatoyama and his Democratic Party of Japan-led government are reverting to picking winners. At a press conference last week, the prime minister announced he would achieve 2% economic growth, after inflation, by funneling money into health care, tourism and green industries, among others—and by boosting public and private spending on research and development to 4% of the economy over the next decade. This, he claims, will "create" 4.7 million jobs.

> A 10-year program that merely puts a new gloss on old policies.

Japan has seen plenty of stimulus plans before. The DPJ seems to think it makes all the difference in the world that this time it's channeling taxpayer money to the "demand side" of the economy—households—inst ead of to companies on the supply side. They gladly contrast their approach to the old LDP ploy of favoring exporters and construction companies building public works. Yet absent growth-boosting reforms like tax cuts, those households will just as easily stash that cash in the bank in anticipation of continued economic stagnation instead of spending it.

Then there's the problem of how Tokyo will pay for its new economic mission statement. Mr. Hatoyama has committed to a record $1 trillion budget that the government already can't afford. Debt-to-GDP is spiraling toward 200%, the highest in the developed world by a long mile. Tax receipts are in freefall given the flagging economy. And there's little prospect of foreign investment flooding in when the Hatoyama government is talking about measures like carbon emissions cuts that will make Japan a more expensive place to do business than other countries.

But worst of all, Mr. Hatoyama sidesteps the biggest economic fear stalking Japan at the moment: deflation. The "New Growth Strategy" assumes inflation of 1%—in a country that has suffered soft price growth or outright deflation for more than a decade. Washington's dollar-weakening loose monetary policy and fiscal profligacy only compound this problem by pushing the yen steadily upward. And there's little the central bank can do, with interest rates at zero.

The long-term solution is a reform program to boost productivity. But instead of a serious plan to dismantle onerous tax and regulatory strictures, the 10-year blueprint looks like a hastily assembled mélange intended to give the DPJ something to take to voters ahead of Upper House elections this summer. That isn't merely disappointing; it's a foreshadowing of more difficult days ahead for what is still the world's second largest economy.

Of Burj and Babel

The Burj Dubai tower officially opened Monday, six years after construction began on the $4.1 billion, half-mile-high skyscraper. Conceived as a monument to the Arab city-state's economic ambitions, the Burj today looks more like a modern-day Tower of Babel. Dubai has been wracked by a debt crisis, and the building stands mostly empty and unwanted by the international tenants for whom it was supposedly built.

But then, the main argument for these monuments has never been purely economic. In early 20th-century New York, one tycoon after another vied to build the world's tallest building, adding their marks to Manhattan's iconic skyline. Both General Motors and Chrysler in their day saw fit to build testaments to their economic might in the form of tall towers. Later on, the gods of vanity shifted to the Far East, where Malaysia's Petronas Towers and more recently Taiwan's Taipei 101 vied to be the world's tallest. Today a half-dozen Asian skyscrapers put Chicago's Sears Tower (now the Willis Tower) in the shade.

> Building prosperity on foundations of sand.

As for Dubai, the Burj is merely the most recent bauble in a quest for excess that includes the world's largest man-made islands, indoor shopping mall and indoor ski resort. It even boasts the world's heaviest gold ring, weighing in at something like 62 kilos. The economic theory behind all this, we suppose, is that being the land of superlatives confers a comparative advantage to a place of otherwise few charms and little human capital—though we do wonder who proposes to wear that ring.

If the past century has taught us anything, it's that there will always be another, bigger building built somewhere, and Dubai cannot hope to keep up indefinitely. By contrast, in cities such as Houston and Hong Kong the skylines are not the cause of their economic prosperity, but merely one visible manifestation of it. That's a prosperity that has been built over the years on the basis of those old reliables: economic freedom, the rule of law, hard work and sound management. Without these, nations and cities alike build on nothing but foundations of sand.

A False Nuclear Start

The Obama Administration continues to negotiate with the Russians over a new Strategic Arms Reduction Treaty (Start), but one big question is whether it can get the result through the U.S. Senate. A group of Senators is telling the White House that it will have little or no chance of success unless it also moves ahead with nuclear-warhead modernization.

The warning comes in a recent letter from 40 Republican Senators and Independent-Democrat Joe Lieberman reminding the President of his legal responsibility under the National Defense Authorization Act of 2010 to present budget estimates for modernizing U.S. nuclear forces along with any new Start pact.

The Senators are following the suggestions of the important, but too little publicized, recommendations of last year's Perry-Schlesinger commission on the safety and operations of the U.S. nuclear arsenal. The bipartisan report noted, among other things, that the U.S. needs new warheads and nuclear research facilities. President Obama, in his utopian antinuclear mode, has opposed a new warhead despite widespread support for it at the Pentagon, from Defense Secretary Robert Gates on down.

Mr. Obama would be wise to take the warning seriously because he'll need 67 Senate votes to approve any arms-control treaty. Without modernization, it's unlikely that Senators will vote for the significant and probably unwise reductions in U.S. nuclear delivery vehicles that Mr. Obama is negotiating with the Russians.

However, we're not surprised to hear that the President is getting contrary political advice from his Vice President, Joe Biden, who is arguing that the White House should try to get the 67 votes on Start's merits alone. He wants to delay any nuclear modernization decision, holding it out as a carrot to offer Senators in return for ratifying the separate Comprehensive Test Ban Treaty. The Senate rejected the test ban pact when Bill Clinton submitted it in 1999, but Mr. Obama hopes to do better with 60 Senate Democrats backed by his global disarmament agenda.

> Forty-one Senators vs. Biden on warhead modernization.

This wouldn't be the first time Mr. Biden has misjudged a vital security issue—recall his proposal to split Iraq into three parts. The deteriorating U.S. nuclear arsenal is emerging as a big security problem, and Start won't be an easy sell even with the money for warhead upgrades. Mr. Obama could have simply renewed the 1991 Start treaty and pocketed an early diplomatic victory. Instead, he has sought something more ambitious in support of his larger disarmament dreams, and the Russians are demanding a hard bargain in return.

The U.S. has already agreed to steep cuts in its military arsenal, even before the Administration has come out with its Nuclear Posture Review and weapons modernization plan. Last week, Russian strongman Vladimir Putin raised the ante by saying he now wants the U.S. to abandon missile defenses as part of a new Start pact. The Obama Administration's decision to downsize missile defense sites in Poland and the Czech Republic seems to have only emboldened the Russians to push for bigger concessions.

Another issue is verification. With Start's expiration December 5, Russia has pulled inspectors from a factory that's building the next generation of Russian ICBMs and scaled back electronic monitoring—called telemetry—of missile production and movements. The U.S. is trying to undo some of this in negotiations, but Senators will want to make sure that any fix isn't merely cosmetic. If the U.S. is going to reduce its missile and warhead numbers, we need to know what the Russians have in their arsenal.

The stakes here aren't merely whether Mr. Obama can get his treaties ratified; they concern the credibility of the U.S. nuclear umbrella. Mr. Obama says he wants to stop nuclear proliferation but he will only encourage it if our allies begin to believe that the U.S. arsenal is either too small or too unreliable to protect them. Japan has already raised concerns, and with Mr. Obama unable or unwilling to stop either North Korean or Iranian nuclear ambitions, such worry will only spread.

Grand speeches about a world without nuclear weapons are crowd-pleasers at the U.N., but the U.S. Senate has an obligation to inspect the fine print before it ratifies any reduction in U.S. defenses. Senators shouldn't begin to consider a smaller arsenal until the Obama Administration takes the steps to ensure that America's remaining weapons will work if needed.

Pepper . . . and Salt

THE WALL STREET JOURNAL

Letters To The Editor

* * *

Another Picture of the Korean Economy

Regarding Jasper Kim's op-ed on the risk of consumer overleveraging in South Korea ("Korea's Next Credit Boom—and Bust?" Dec. 8): I would like to provide some additional information to ensure a more balanced view of the current situation.

Korea's household debt has been on the rise since 1998, averaging a yearly increase of 14.6%. This increase has been fundamentally fueled by competition in the banking industry to expand their assets mainly through residential mortgages.

The Korean government is well aware of the situation and the risks involved. We have already begun implementing stricter controls on banks' and non-banks' permissible loan-to-value and debt-to-income ratios applied to metropolitan areas and elsewhere, which Mr. Kim noted. This particular measure has been acknowledged by the Group of 20's Financial Stability Board and other international institutions as an exemplary way to significantly reduce market risk.

We have learned a lot from our 2002 credit-card crisis, when uncontrolled consumer leverage peaked and then collapsed, causing rippling effects to the economy. Since then, we have enhanced banks' risk management by enacting stricter guidelines on how to evaluate clients' payment capacity, as well as raising credit-card companies' loss provisioning.

As a result, the average delinquency rate of bank's total consumer lending is currently 0.5%, 0.44% for mortgage loans, down from 1.7% in 2004. The quality of household loans has also improved. The percentage of total bank lending to individuals with superior credit scores increased to 66.1% in July of 2009, from 59.9% in October of 2008.

Mr. Kim suggests significant risks lie in credit-card debt. But the overall soundness of credit-card companies in Korea has improved noticeably compared to 2003. At that time, the percentage of overdue accounts was as high as 14%, whereas currently it is 2.53%. Strengthened regulation on credit-card companies' risk management has also reduced the percentage of allowable cash advances from credit cards to 21.8% as of September from 53.8% in December of 2003. The recent rise in credit card use has mirrored the concurrent rise in consumer spending.

The Korean government is determined to keep household debt within reasonable levels, in the interest of promoting stable economic growth. Indeed, the overall health of the Korean economy is sound. We will continue to learn from the past, seek to apply the best practices from around the globe, and share our experiences with other countries.

Hyouk-Se Kwon
Vice Chairman
Financial Services Commission
Seoul

* * *

The True Causes of the Economic Meltdown

Zachary Karabell misses an opportunity to explain the true cause of our most recent crisis: The real reason for our crisis is that the world lacks a true anchor of value ("The 'Global Imbalances' Myth," op-ed, Dec. 22). A system designed around an anchor of value features natural self-correcting mechanisms. This currently does not exist.

Mr. Karabell says, "The blunt fact is that at no point in the past century has there been anything resembling a global economic equilibrium." In fact, the U.S. current account balance spent decades hovering around zero (i.e., balanced) prior to turning sharply negative in the early 1980s.

Earlier in the century, while on the gold standard, a large current account deficit would be met with a large outflow of gold, which would act as a tightening on the banking system and would have kept unrestrained growth in credit and consumer spending in check. It would not have been possible to run the current account deficit the U.S. ran in the past 20 years if there were an anchor of value. Without the unrestrained credit growth that the U.S. experienced, the crisis would not have happened.

The values of the stock market, corporate and government debt markets, commodities and currencies fluctuate with the sentiment of market participants whose history with regards to stability is bipolar at best. The resulting high volatility in oil price, its impact on our current account, the dollar and credit markets all emanate from this unanchored system. This volatility can serve as a trigger to financial instability when the underlying imbalances get precarious enough.

To be clear, a system with a global anchor does not mean that there will not be high volatility. When we were on the gold standard we experienced many booms and busts but arguably they were kept in check since the underlying imbalances were never allowed to get so large as to threaten the whole system.

Kenneth Bauso, C.F.A.
New York

* * *

Communists Get Rich

High praise for your Dec. 29 editorial "The Price of Freedom" for its defense of jailed Chinese dissident and freedom fighter Liu Xiaobo. But, as our trade policy continues to enrich the Communist Party machine, when will you explore the link?

Sen. Sherrod Brown (D., Ohio)
Washington

THE WALL STREET JOURNAL. ASIA

Almar Latour, *Editor in Chief, Asia*
Peter Stein, *Associate Editor*
Dean Napolitano, *Senior Editor*
Mary E. Kissel, *Editorial Page Editor*
Philip Owens, *Circulation Director*
Shawn Hiltz, *Marketing Director*
Alice Chai, *Research Director*
Connie Cheng, *Operations Director*
Simon Wan, *IT Director*
Olivier Legrand, *General Manager Digital*
Christine Brendle, *Publisher*
Published since 1889 by
DOW JONES AND COMPANY

© 2010 Dow Jones & Company. All Rights Reserved

DOWJONES
A News Corporation Company

Iran Expands Its Target List

By Timothy J. Geraghty

The nagging question of the nuclear age has been what if a madman gets hold of an atomic bomb? That question is about to be answered as Iran's defiance puts it on a collision course with the West.

On Nov. 4, 2009, Israeli commandos intercepted an Antiguan-flagged ship 100 miles off the Israeli coast. It was carrying hundreds of tons of weapons from Iran and bound for Hezbollah in Lebanon. Since the 2006 Israeli-Hezbollah war, Iran has rearmed Hezbollah with 40,000 rockets and missiles that will likely rain on Israeli cities—and even European cities and U.S. military bases in the Middle East—if Iran is attacked. Our 200,000 troops in 33 bases are vulnerable. Shortly before this weapons seizure, Hamas test-fired a missile capable of striking Israel's largest city, Tel Aviv.

Iran is capable of disrupting Persian Gulf shipping lanes, which could cause the price of oil to surge above $300 a barrel. Iran could also create mayhem in oil markets by attacking Saudi oil refineries. Moreover, Iran possesses Soviet made SS-N-22 "Sunburn" supersonic antiship missiles that it could use to contest a naval blockade.

Iran could unleash suicide bombers in Iraq and Afghanistan or, more ominously, activate Hezbollah sleeper cells in the U.S. to carry out coordinated attacks nationwide. FBI, CIA and other U.S. officials have acknowledged in congressional testimony that Hezbollah has a working partnership with Mexican drug cartels and has been using cartel smuggling routes to get personnel and contraband into the U.S.

While Iranian centrifuges continue to produce low-enriched uranium, the mullahs and their henchmen have been carrying out a campaign of deception. In October 2009, Iran rejected a plan to ship its low-enriched uranium out of country, primarily to Russia and France, to be highly enriched and then sent back to Iran for "peaceful medical purposes."

Mahmoud Ahmadinejad

On Nov. 28, 2009, reacting to increased pressure from the International Atomic Energy Agency, Iran warned it may pull out of the Nuclear Non-Proliferation Treaty. This would seriously undermine international attempts to stop Iran's nuclear weapons program. Two days later, Iran announced plans to build 10 new nuclear plants within six years.

In another sphere, Iranian President Mahmoud Ahmadinejad and Venezuelan President Hugo Chávez are openly cooperating to "oppose world hegemony," as Mr. Ahmadinejad has said, while weekly flights between Iran and Venezuela are not monitored for personnel and cargo. Meanwhile, Russia is building an arms plant in Venezuela to produce AK-103 automatic rifles and finalizing contracts to send 53 military helicopters to the country.

I have seen this play before. In 1983, I was the Marine commander of the U.S. Multinational Peacekeeping Force in Beirut, Lebanon. Iran's Islamic Revolutionary Guard Corps' (IRGC) Lebanon contingent trained and equipped Hezbollah to execute attacks that killed 241 of my men and 58 French Peacekeepers on Oct. 23, 1983.

Today, Hezbollah directly threatens Israel, destabilizes Lebanon, and undercuts the Israeli-Palestinian peace accords. Something similar is underway in Venezuela. Remember Hezbollah used the Beirut truck-bomb model for the attack on the Israeli Embassy in Buenos Aires on March 17, 1992 and the July 18, 1994 attack on the Argentine Israeli Mutual Association that killed 85 and wounded 200.

The man directly responsible for those bombings was the commander of the IRGC's Quds Force, Gen. Ahmad Vahidi. He is listed on Interpol's most wanted list and was a key operative in the 1983 attacks on peacekeepers in Lebanon. In August 2009, he was named Iran's minister of defense. He succeeded Gen. Mostafa Mohammad Najjar, who was the commander of the IRGC Lebanon contingent and the chief organizer of the 1983 Beirut bombings. Both have Beirut peacekeepers' blood on their hands and are the same key leaders who today are orchestrating Iranian deception and defiance as they march lock-step toward their ultimate goal—nuclear weapons.

Col. Geraghty, USMC (Ret.), is the author of "Peacekeepers at War; Beirut 1983—The Marine Commander Tells His Story" (Potomac Books, 2009).

Graffitists

By Jan Morris

I like it when the snow lies, because then I can legitimately indulge my predilection for graffiti-writing—which is to say, my general disrespect for Authority. Graffiti in the snow, though necessarily ephemeral, are much the easiest to write, with a simple supply of pebbles, or even the tip of a walking-stick.

Graffiti cut in stone are a different matter. On the parapet of the old bridge over the river Dwyfor, in the top left corner of Wales where I live, a schoolboy named David Lloyd George long ago laboriously carved his initials—D.LL.G. He was clearly cocking a snook at the local Establishment, but since he grew up to be Prime Minister of Great Britain and one of the most powerful men on earth, his graffito remains there to this day.

He must have taken hours to cut the letters, on his way to and from school perhaps, and all over the world I have marveled at the panache with which eminent persons down the ages have disfigured statues, cliff-faces and monuments by carving their mementos upon them. How did they have the time? How did they acquire the skill? Where did they get the tools? Why weren't they caught? Sometimes their graffiti-calligraphy is exquisite, and sometimes, it seems to me, they must have delayed their journey for days, perfecting a capital letter, adding an ornamental squiggle or concluding a lapidary sonnet.

They did not flinch, it appears, at the risks of the practice. Generals and poets and great explorers—all did it in their time (unless, of course, they got their aides or acolytes to do it for them). "General, sir," I hear the cry, "the barbarians are approaching fast!" "Don't panic my boy, I have only to perfect this colophon . . ." Or: "Do hurry George, the *carabinieri* are at the crossroads." "Yes, my love, but first I must think of a rhyme for 'crepuscular" . . . Or even: "Dear me, I hope it doesn't start an avalanche."

Initials carved in stone or enigmatic spray paint on bridges—defiant gestures of independence.

For that matter, how on earth do the urban practitioners of today get away with it, when they exercise their art upon the bridges, marshalling-yards and red-brick warehouses of the entire world? Their arcane designs must take hours to do, and very often appear to involve hanging upside down from balconies or groping in the darkness of disused tunnels. What do they mean, anyway? They appear mushroom-like in the dawn, and generally even their language is enigmatic.

I admire them greatly, and envy their imperturbable detachment, but alas, I lack the nerve to emulate them. I am too diffident even to add my initials to the village bridge—what would the vicar think? But I salute them in spirit, for I know that the essential purpose of cutting one's initials on the Great Pyramid of Giza, chipping letters on an 18th-century bridge or hanging from signal gantries to paint inexplicable messages on railway station platforms—the whole point of perpetrating a graffito is to leave behind a message of defiant independence. I was here, the gesture cries, like it or not! I am the master of my soul! Celebrity or nonentity, infant or sage, we graffitists feel the noble instinct to tell posterity of our passing, and bother the vicar. . . .

Perhaps one day, on my last legs, I shall sneak into the village with a chisel and join D.LL.G. on the bridge. If not, at least under the stairs in my house there awaits my slate gravestone, upon which I had my initials carved 30-odd years ago, and to which even asinine Authority cannot object.

Ms. Morris is a writer in Wales.

OPINION

A Crime Theory Demolished

By Heather Mac Donald

The recession of 2008-09 has undercut one of the most destructive social theories that came out of the 1960s: the idea that the root cause of crime lies in income inequality and social injustice. As the economy started shedding jobs in 2008, criminologists and pundits predicted that crime would shoot up, since poverty, as the "root causes" theory holds, begets criminals. Instead, the opposite happened. Over seven million lost jobs later, crime has plummeted to its lowest level since the early 1960s. The consequences of this drop for how we think about social order are significant.

The notion that crime is an understandable reaction to poverty and racism took hold in the early 1960s. Sociologists Richard Cloward and Lloyd Ohlin argued that juvenile delinquency was essentially a form of social criticism. Poor minority youth come to understand that the American promise of upward mobility is a sham, after a bigoted society denies them the opportunity to advance. These disillusioned teens then turn to crime out of thwarted expectations.

The theories put forward by Cloward, who spent his career at Columbia University, and Ohlin, who served presidents Kennedy, Johnson and Carter, provided an intellectual foundation for many Great Society-era programs. From the Mobilization for Youth on Manhattan's Lower East Side in 1963 through the federal Office of Economic Opportunity and a host of welfare, counseling and job initiatives, their ideas were turned into policy.

If crime was a rational response to income inequality, the thinking went, government can best fight it through social services and wealth redistribution, not through arrests and incarceration. Even law enforcement officials came to embrace the root causes theory, which let them off the hook for rising lawlessness. Through the late 1980s, the FBI's annual national crime report included the disclaimer that "criminal homicide is largely a societal problem which is beyond the control of the police." Policing, it was understood, can only respond to crime after the fact; preventing it is the domain of government welfare programs.

The 1960s themselves offered a challenge to the poverty-causes-crime thesis. Homicides rose 43%, despite an expanding economy and a surge in government jobs for inner-city residents. The Great Depression also contradicted the idea that need breeds predation, since crime rates dropped during that prolonged crisis. The academy's commitment to root causes apologetics nevertheless persisted. Andrew Karmen of New York's John Jay College of Criminal Justice echoed Cloward and Ohlin in 2000 in his book "New York Murder Mystery." Crime, he wrote, is "a distorted form of social protest." And as the current recession deepened, liberal media outlets called for more government social programs to fight the coming crime wave. In late 2008, the New York Times urged President Barack Obama to crank up federal spending on after-school programs, social workers, and summer jobs. "The economic crisis," the paper's editorialists wrote, "has clearly created the conditions

Barbara Kelley

for more crime and more gangs—among hopeless, jobless young men in the inner cities."

Even then crime patterns were defying expectations. And by the end of 2009, the purported association between economic hardship and crime was in shambles. According to the FBI's Uniform Crime Reports, homicide dropped 10% nationwide in the first six months of 2009; violent crime dropped 4.4% and property crime dropped 6.1%. Car thefts are down nearly 19%. The crime plunge is sharpest in many areas that have been hit the hardest by the housing collapse. Unemployment in California is 12.3%, but homicides in Los Angeles County, the Los Angeles Times reported recently, dropped 25% over the course of 2009. Car thefts there are down nearly 20%.

The recession crime free fall continues a trend of declining national crime rates that began in the 1990s, during a very different economy. The causes of that long-term drop are hotly disputed, but an increase in the number of people incarcerated had a large effect on crime in the last decade and continues to affect crime rates today, however much anti-incarceration activists deny it. The number of state and federal prisoners grew fivefold between 1977 and 2008, from 300,000 to 1.6 million.

* * *

The spread of data-driven policing has also contributed to the 2000s' crime drop. At the start of the recession, the two police chiefs who confidently announced that their cities' crime rates would remain recession-proof were Los Angeles Police Chief William Bratton and New York Police Commissioner Ray Kelly. As New York Police Commissioner in the mid-1990s, Mr. Bratton pioneered the intensive use of crime data to determine policing strategies and to hold precinct commanders accountable—a process known as Compstat. Commissioner Kelly has continued Mr. Bratton's revolutionary policies, leading to New York's stunning 16-year 77% crime drop. The two police leaders were true to their word. In 2009, the city of L.A. saw a 17% drop in homicides, an 8% drop in property crimes, and a 10% drop in violent crimes. In New York, homicides fell 19%, to their lowest level since reliable records were first kept in 1963.

The Compstat mentality is the opposite of root causes excuse-making; it holds that policing can and must control crime for the sake of urban economic viability. More and more police chiefs have adopted the Compstat philosophy of crime-fighting and the information-based policing techniques that it spawned. Their success in lowering crime shows that the government can control antisocial behavior and provide public safety through enforcing the rule of law. Moreover, the state has the moral right and obligation to do so, regardless of economic conditions or income inequality.

The recession could still affect crime rates if cities cut their police forces and states start releasing prisoners early. Both forms of cost-saving would be self-defeating. Public safety is the precondition for thriving urban life. In 1990s New York, crime did not drop because the economy improved; rather, the city's economy revived because crime was cut in half. Keeping crime rates low now is the best guarantee that cities across the United States will be able to exploit the inevitable economic recovery when it comes.

Ms. Mac Donald is a contributing editor at the Manhattan Institute's City Journal.

Our Incompetent Civilization

[Global View]

By Bret Stephens

When does a civilization become incompetent? I've been mulling the question in a number of contexts over the last year, including our inability to put a stop to Somali piracy, detain a terrorist who can neither be charged nor released, think rationally about climate change, or rebuild Ground Zero in an acceptable time frame.

But the question came to me again in Brussels on Sunday as I watched my children—ages six, four, and four months—get patted down before boarding our U.S.-bound flight. The larger-than-allowed bottle of cough syrup in my carry-on, however, somehow escaped our screener's humorless attentions.

Yes, the screener in this case was Belgian, not American. Yes, terrorists come in any number of skin colors, and they aren't above strapping explosives to their own children. And yes, the Obama administration took a half-step toward sanity by ordering additional screening of passengers from 14 countries, including Yemen, Pakistan, Saudi Arabia and Nigeria, home of Flight 253 would-be bomber Umar Farouk Abdulmutallab.

But here's a predictive certainty: Not one non-Muslim from any of these countries (or others such as Egypt or Jordan, which were oddly excluded from the list) will ever become a suicide bomber. The localized case of Sri Lanka's Tamils aside, suicide bombing is a purely Islamic phenomenon. Note that during the whole of the intifada there was not a single case of a Palestinian Christian blowing himself up, making a nonsense of the view that Israel's checkpoints and curfews and security fences were the main cause of the terror.

So as Homeland Security, TSA and the rest of the government's counterterrorism apparatus struggle to upgrade travel security in a way that doesn't involve freeze-drying passengers in their seats, it's worth noting that we have finally reached the outer bounds of a politically correct approach to airport security. To wit, the U.S. government is now going to profile Muslim passengers, albeit partially, indirectly and via the euphemism of nationality instead of religion. Insofar as actual security is concerned, it would be both more honest and effective if it dropped the remaining pretense.

The obvious rub is that profiling goes against the American grain. We shudder at the memory of previous instances of it, particularly the internment of Japanese-Americans in the 1940s. Rightly so.

Sometimes we have to choose between evils.

But a civilization becomes incompetent not only when it fails to learn the lessons of its past, but also when it becomes crippled by them. Modern Germany, to pick an example, has learned from its Nazi past to eschew chauvinism and militarism. So far, so good. But today's Multikulti Germany, with its negative birth rate, bloated welfare state and pacifist and ecological obsessions is a dismal rejoinder to its own history. It is conceivable that within a century Germans may actually loathe themselves out of existence.

In the U.S., our civilizational incompetence takes various forms. For instance: No country in the world collects more extensive statistical data about its own population than the U.S. And no country is as conflicted about the uses to which that data may or may not be put than the U.S. So what exactly is the point of all this measuring, collating and parsing?

Our deeper incompetence stems from an inability to recognize the proper limits to our own virtues; to forget, as Aristotle cautioned, that even good things "bring harm to many people; for before now men have been undone by reason of their wealth, and others by reason of their courage."

Thus we reject profiling on the commendable grounds that human beings ought not to be treated as statistical probabilities. But at some point, the failure to profile puts innocent lives recklessly at risk. We also abhor waterboarding for the eminently decent reason that it borders on torture. But there are worse things than waterboarding—like allowing another 9/11 to unfold because we recoil at the means necessary to prevent it. Similarly, there are worse things than Guantanamo—like releasing terrorists to Yemen so they can murder and maim again (and so we can hope to take them out for good in a "clean" Predator missile strike).

Put simply, we do not acquit ourselves morally by trying to abstain from a choice of evils. We just allow the nearest evil to make the choice for us.

And so it goes. We can be proud of how deeply we mourn the losses of troops in Afghanistan and Iraq. But a nation that mourns too deeply ultimately becomes incapable of conducting a war of any description, whether for honor, interest or survival. We rightly care about the environment. But our neurotic obsession with carbon betrays an inability to distinguish between pollution and the stuff of life itself. We are a country of standards and laws. Yet we are moving perilously in the direction of abolishing notions of discretion and judgment.

One of life's paradoxes is that we are as often undone by our virtues as by our vices. And so it is with civilizations, ours not least.

Write to bstephens@wsj.com

IN DEPTH

Cramped on land, big oil bets on wells far out to sea

The quest is paying off as Chevron and other major companies discover unexpectedly large quantities of crude

By Ben Casselman And Guy Chazan

BIG OIL NEVER wanted to be here, in 1,310 meters of water far out in the Gulf of Mexico, drilling through nearly eight kilometers of rock.

It is an expensive way to look for oil. Chevron Corp. is paying nearly $500,000 a day to the owner of the Clear Leader, one of the world's newest and most powerful drilling rigs. The new well off the coast of Louisiana will connect to a huge platform floating nearby, which cost Chevron $650 million to build. The first phase of this oil-exploration project took more than 10 years and cost $2.7 billion—with no guarantee it would pay off.

Chevron came here, an hour-long helicopter ride south of New Orleans, because so many of the places it would rather be—big, easily tapped oil fields close to shore—have become off-limits. Western oil companies have been kicked out of much of the Middle East in recent decades, had assets seized in Venezuela and seen much of the U.S. roped off because of environmental regulations. Their access in Iran is limited by sanctions, in Russia by curbs on foreign investment, in Iraq by violence.

So, Chevron and other major oil companies are moving ever farther from shore in search of oil. That quest is paying off as these companies discover unexpectedly large quantities of oil—oil that only they have the technology and financial muscle to find and produce.

In May, the first wells from Chevron's latest Gulf of Mexico project came online. The wells are now pumping 125,000 barrels of oil a day, making the project one of the gulf's biggest producers. In September, BP PLC announced what could be the biggest discovery in the gulf in years: a field that could hold three billion barrels.

Beyond the Gulf of Mexico, companies have announced big finds off the coasts of Brazil and Ghana, leading some experts to suggest the existence of a massive oil reservoir stretching across the Atlantic from Africa to South America. Production from deepwater projects—those in water at least 30 meters deep—grew by 67%, or by about 2.3 million barrels a day, between 2005 and 2008, according to PFC Energy, a Washington consulting firm.

The discoveries come as many of the giant oil fields of the past century are beginning to dry up, and as some experts are warning that global oil production could soon reach a peak and begin to decline. The new deepwater fields represent a huge and largely untapped source of oil, which could help ease fears that the world won't be able to meet demand for energy, which is expected to grow rapidly in coming years.

For oil companies, the discoveries mean something more: After a decade of retreat, large Western energy companies are taking back the lead in the quest to find oil. "A lot of people can get the very easy oil," says George Kirkland, Chevron's vice chairman. "There's just not a lot of it left."

There are challengers to Big Oil's deepwater dominance. Brazil recently has moved to give a larger share of its offshore oil to its state-run oil company, Petrobras. A handful of smaller companies, such as Anadarko Petroleum Corp. and Tullow Oil PLC, have had success offshore, particularly in Ghana, where giants like BP and Exxon Mobil Corp. are now playing catch-up.

The enormous investments of time and money required for such projects have made many experts skeptical that they can ease the long-term pressure on global oil supplies. The scale of the projects means that few smaller companies have the resources to take them on. Devon Energy Corp., an independent producer based in Oklahoma City, recently announced plans to abandon its deepwater-exploration business to focus on less-expensive onshore projects, which is says will produce a better return.

"This is technology capable of going to the moon," says Robin West, chairman of PFC Energy, involving "extraordinary uncertainty, immense levels of information processing, staggering amounts of capital."

Offshore drilling is almost as old as the oil industry itself. In the 1890s, U.S. companies began prospecting for oil from piers extending off the beach near Santa Barbara, Calif. Gulf Oil drilled the world's first fully offshore well from cedar pilings on a shallow lake near Oil City, La., in 1911.

From there, the industry pushed gradually outward, from the Louisiana bayous in the 1920s into the Gulf of Mexico, where Kerr McGee drilled the first well out of sight of land in 1947.

The push into deeper water has come in the past decade.

"What has enabled us to do that is technology," says David Rainey, BP's head of exploration for the Gulf of Mexico. "We have been pushing the limits of seismic-imaging technology and drilling technology."

Perhaps a bigger reason for the recent emphasis on deepwater exploration is that companies had few other places to go. In the early decades of oil exploration, Western companies were the only ones with the technology to manage big oil projects. But as technology spread and state-run oil companies became more sophisticated, governments in many nations have relied less on outside help and have demanded greater control of their own oil resources.

With a few exceptions, state-run companies have largely stayed out of the deep water, with its enormous technical challenges and multibillion-dollar investment requirements. Western companies have steadily pushed farther offshore, not just in the Gulf of Mexico but in places like Nigeria, Malaysia, Norway and Australia.

At the same time, traditional oil fields have begun to dry up. In Mexico, the world's seventh-largest oil producer, daily production has dropped 23% since 2004 as output from its giant Cantarell field fell sharply. Other countries have seen their own, mostly smaller, declines.

Falling output from old fields has stoked fears that world-wide production could be nearing its peak. Global oil reserves—a measure of oil that has been found but not yet produced—fell in 2008 for the first time in a decade, according to BP's annual statistical review. Moreover, there are signs demand could soon catch up to supply. Global oil consumption has risen by 5.4 million barrels a day in the past five years, while production has risen by just 4.8 million barrels a day.

Such fears helped drive a rapid run-up in oil prices to nearly $150 a barrel in July 2008. The global recession cooled demand, driving down prices, although many experts expect prices to rise again when the economy recovers. Already, prices have rebounded to about $80 a barrel, from under $35 in December 2008.

Rising prices have spurred offshore exploration. By 2008, about 8% of global oil production came from deepwater fields.

Yet even the biggest deepwater projects aren't enough to put a dent in global supply problems on their own. The world's largest deepwater platform, BP's Thunder Horse in the Gulf of Mexico, produces 250,000 barrels of oil a day, just 0.3% of global consumption.

"These discoveries are changing the debate," says Ed Morse, chief economist for LCM Commodities, a brokerage firm. What remains unclear, he says, is whether the deepwater projects will ensure that new discoveries continue to meet demand.

Many in the industry argue the new fields have expanded the limits of where the industry can find oil, potentially delaying a decline in global production.

"There are vast unexplored areas in deep water, so tremendous opportunities for growth," says Steven Newman, president of Transocean Ltd., which owns the Clear Leader rig.

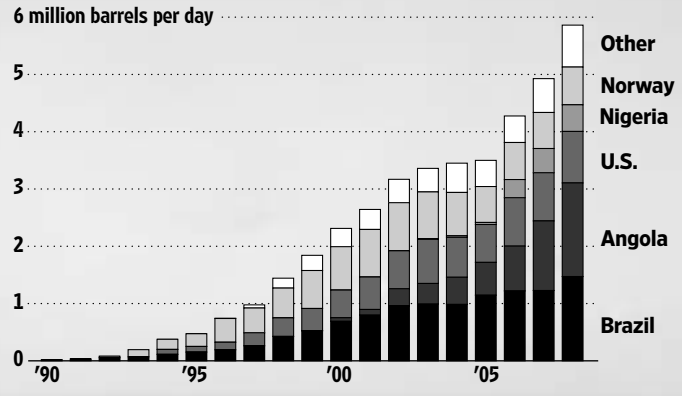
The push into deeper water hasn't always been smooth sailing. Offshore projects are expensive, time-consuming and prone to failure. Chevron boasts of a 45% exploration overall success rate in recent years, a remarkable run by industry standards, but one that also means the company has spent billions on projects that haven't panned out.

Chevron's successes have outweighed its failures. It was expected to be the fastest-growing big oil company in 2009, as measured by oil production, in large part because of new offshore projects in the Gulf of Mexico and off Brazil. Other companies that have embraced offshore exploration, such as BP, are also seeing big growth, while those that haven't are scrambling.

Exxon, which hasn't emphasized deepwater exploration as much as competitors, recently offered $4 billion for a stake in an oil

Deepwater dive

Major companies are moving farther offshore in search of oil and are discovering large quantities. Chart shows deepwater oil production by country. Below, the Deepwater Horizon at a BP field in the Gulf of Mexico.



Source: PFC Energy; photo by BP

IN DEPTH

Chevron is leasing the Clear Leader, which floats in 1,310 meters of water in the Gulf of Mexico, to drill for oil through nearly eight kilometers of rock.

Chevron

field off the coast of Ghana.

Chevron made its big offshore bet in the 1990s, when it began buying up leases in the Gulf of Mexico that were in such deep water, the technology didn't yet exist to drill there. Confident that technology would catch up, the company in 1996 bid in and won a U.S. government auction for the right to explore for oil in several areas of the gulf, in hopes that a fraction would turn into producing fields.

Chevron then spent six years analyzing its new holdings, figuring out which were most likely to hold oil. The key tool in its arsenal: seismic imaging, a sonar-like process in which sound waves are shot into the rock, and their echoes are picked up by sensors on the surface.

Adding to the challenge: The oil that Chevron was pursuing lay beneath a thick layer of salt, which disrupts seismic sound waves and blurs the images like a smudge on a camera lens. The company had to analyze the data with supercomputers to clear up that distortion.

The analysis revealed a potentially huge oil reservoir. Even so, Chevron estimated it had only a one-in-eight chance of finding commercial quantities of oil. The only way to know for sure was to drill.

So, in 2002, Chevron spent about $100 million to sink its first well in the field, which came to be known as Tahiti. That well needed to hit a 61-meter-long target from eight kilometers away—akin to hitting a dart board from a city block away.

"You have to roll the dice, and the dice roll now is north of $100 million," says Gary Luquette, president of Chevron's North American exploration and production division.

Chevron's first Tahiti well struck enough oil to make it worth more drilling to see how big the field might be. By 2005, the company had learned enough to go forward with the project. That required building a 215-meter-tall, 45,000-ton floating oil-production platform, and drilling a half dozen wells to feed oil to it. Tahiti produced its first commercial quantities of oil in May.

On a recent morning, the Clear Leader rolled on the waves 300 kilometers south of New Orleans, held almost perfectly in place by its satellite-controlled navigation system and six Korean-made engines.

In a cabin on the ship's deck, a team of drillers in coveralls monitored computer terminals as they used joysticks to control a drill bit more than 3.9 kilometers below. The oil they were targeting lay another 4.3 kilometers underground—an easy reach for a ship that can drill down 12 kilometers.

The well is part of a second phase of the Tahiti project, which will require drilling several more wells and expanding the floating platform—an additional $2 billion in spending, still with no guarantee of success.

Kevin Ricketts, a Chevron engineer who worked on both phases of the Tahiti project, recalled looking up at the massive platform while it was still on shore, and reflecting on how his team's analysis had led to its construction.

"I'd never seen anything that big," Mr. Ricketts said. "I thought, holy moly, our production forecast led to that thing being built. I sure hope we're right."

WSJ.com

Online today: See a video about the Discover Clear Leader at **WSJ.com/PageOne**

The discoveries come as many of the giant oil fields of the past century are beginning to dry up, and as some experts are warning that global oil production could soon reach a peak.

FROM PAGE ONE

Auto sales in China are forecast to slow

Continued from first page
nior Ford executive in China. GM's Shanghai-based spokesman, Michael Albano, said GM is optimistic about 2010 and intends to maintain its leadership position in China and introduce "almost 10" new products in 2010, including a redesigned minivan.

The good news for global car makers is that China will no longer be the only major market growing in 2010, thanks to the recovering U.S. economy. Vehicle sales in the U.S. in 2010 are likely to grow about 12%—faster than in China—according to J.D. Power.

Even so, the Chinese market will remain far larger than America's—by at least two million vehicle sales. Sales in Western Europe are expected to fall in 2010, as government incentive programs there expire, and sales in Japan are likely to edge down, J.D. Power says.

Government stimulus also is a big factor in China. Beijing last January halved the sales tax on vehicles with smaller engines, which were by far the fastest-growing segment of the market in 2009. But the effect of such stimulus policies could subside in 2010, analysts say, even though China's overall economic growth has gathered momentum. Many customers likely to be persuaded to buy a car by such measures have already taken the plunge, and some analysts believe the incentives have "pulled ahead" sales from 2010.

For 2010, the government has reduced its tax cut on small cars. Buyers will pay 7.5% instead of the 5% rate of 2009—though still less than the normal rate of 10%.

As sales growth slows, analysts expect more competition, which could hurt car makers with graying products, such as Ford.

Ford launched its Fiesta, an all new subcompact, in March, and the car helped Ford's overall sales grow 50% in 2009 to 291,825 vehicles, according to an estimate by J.D. Power. (Ford's total sales include sales of its Volvo brand.) But the mainstay Focus compact car is already four years old and isn't due for a redesign in China until 2011 or 2012, analysts say.

Another mainstay Ford, the midsize Mondeo, came out in 2007 and hasn't resonated with Chinese customers. It was outsold substantially by such rivals as **Toyota Motor** Corp.'s Camry and **Honda Motor** Co.'s Accord. For 2010, J.D. Power forecasts Ford sales to grow 6% to 309,511 vehicles.

In early autumn last year, Mao Yi, a 30-year-old electrician, was visiting Beijing-area dealers every weekend with his wife, torn between the Focus and GM's Chevy Cruze. After a month of pondering, the Maos chose a silver Cruze, even though his Ford dealer was willing to give him a discount on the Focus.

"The Focus is outdated...I don't want to be caught driving an old-design car when many of my friends are driving trendy ones," Mr. Mao says.

Ford's Mr. Harris said the company's aim for 2010 is to grow faster than the overall industry. He said Ford may launch "special editions" of some models to keep them fresh and to increase the number of dealers by 70 to 310 stores after adding 31 in 2009.

For GM, J.D. Power is predicting that 2010 China sales will slip to 1.79 million.

GM, meantime, is expected to refresh its model lineup this year, including the key Buick Excelle and HRV compact cars, which are expected to be replaced by sleeker, significantly re-engineered models, and a redesigned version of the GL8 minivan late in the year, replacing a model dating to 2000. Analysts believe GM would price the updated Excelle and HRV aggressively to keep the momentum on sales growth it gained in 2009

Thanks to the tax cut on smaller cars and an incentive program that encouraged rural residents to buy new vehicles, demand for the ultra-cheap microvans GM produces with **Shanghai Automotive Industry** Corp. and **Wuling Automobile** Co. surged in 2009, pushing up sales of GM Wuling models by 64% to 1.06 million vehicles.

But so many future sales were pulled ahead in 2009 by those incentives that Yale Zhang, a Shanghai-based senior analyst with U.S.-consulting firm CSM Worldwide, says GM is "highly unlikely" to be able to keep the momentum it had with Wuling. J.D. Power expects Wuling microvan sales to slip nearly 6%.

Chrysler Group LLC, meanwhile, has only a small presence in China, without any local production. It sold an estimated 16,000 Jeep, Dodge and Chrysler vehicles in 2009, and the volume is expected to dip in 2010, to 12,000 vehicles.

Despite the expected slowdown in China's sales growth, auto makers will still have to expand capacity—even as many have been operating at maximum output to meet demand.

Explosive demand "already has put pressure on the management of the plants, and parts-supply chains and logistics are also enormously strained. How can they manage further growth like that?" said CSM's Mr. Zhang. "Quality is already shaky for some companies. We're about to see that become a bigger problem" in 2010.

For **Volkswagen** AG, the market leader in China, J.D. Power expects overall 2010 group sales to increase 5.5% to 1.53 million cars, lower than the industry's average growth forecast for cars.

Nissan Motor Co., meanwhile, which is the No. 5 brand in China and saw estimated growth of 44% last year, said it plans to add a low-priced subcompact car this year to compete more directly with local Chinese auto makers on price.

WSJ.com

China news: Want to read top articles from The Wall Street Journal Online in Chinese? Find them at **Chinese.WSJ.com**.

Outsider may lead JAL's effort to overhaul

Continued from first page
decade, the ETIC is pushing for a more dramatic restructuring to placate the public, including the placement an outside CEO, the person said.

Mr. Nishimatsu is expected to step down if the fund agrees to lead JAL's restructuring. A decision is expected on Jan. 20.

JAL, Asia's No. 1 carrier by revenue, is grappling with a heavy debt load and unprofitable operations. The government asked one of its main banks over the weekend to double its available credit line to 200 billion yen, or about $2 billion.

As part of its restructuring proposal, the ETIC is pushing for a court-led rehabilitation plan for JAL, which is akin to a Chapter 11 bankruptcy filing in the U.S. ETIC has closely examined the Chapter 11 turnarounds of United Airlines parent **UAL** Corp. and **Continental Airlines** Inc. in the U.S. as potential models for JAL's restructuring.

But JAL's main creditors, Mizuho Corporate Bank Ltd., Bank of Tokyo-Mitsubishi UFJ Ltd. and Sumitomo Mitsui Banking Corp., are opposed to ETIC's plan, people familiar with the matter said.

Executives from the three banks met with ETIC and ministry officials Monday to discuss the plan. But the talks stalled as bank executives expressed concern that a court-led rehabilitation process could have a negative impact on the airline's operations and damage consumer confidence in the airline, these people said.

The three lenders insisted that a court-led process shouldn't be adopted for JAL as they could be forced to incur additional losses as a result of debt waivers and other measures.

Mizuho Corporate Bank, which is part of **Mizuho Financial Group** Inc., and Bank of Tokyo-Mitsubishi UFJ, part of **Mitsubishi UFJ Financial Group** Inc., each have about 50 billion yen in loans outstanding to JAL. Sumitomo Mitsui, a unit of **Sumitomo Mitsui Financial Group** Inc., has about 30 billion yen in loans outstanding. ETIC also is set to ask JAL's main banks for a debt-to-equity swap this week, according to a person familiar with the matter.

Reuters

A passenger walks past a logo of Japan Airlines at Haneda airport in Tokyo Monday. An outsider with no aviation experience may be brought in as a successor to JAL's current chief executive, Haruka Nishimatsu.

AMR Corp's American Airlines, which is dangling a capital investment of more than $1 billion to JAL in an effort to ward off a rival offer from **Delta Air Lines** Inc., said it would be opposed to a court-led plan to rehabilitate JAL.

JAL has "been wanting to avoid legal proceedings, and we agree with it," said Will Ris, senior vice president for government affairs at American Airlines. "There are lots of losers in a legal restructuring, including shareholders and creditors. If you can mitigate those losses then it's preferable."

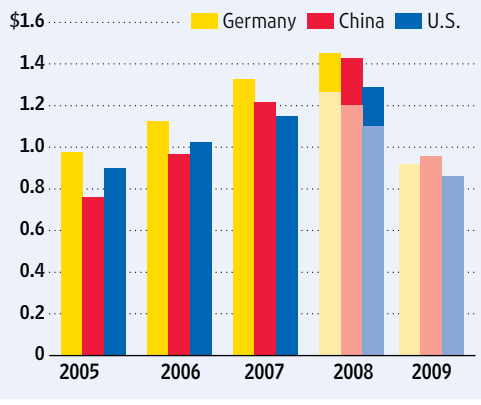
"We need to understand the state of finances better," he said. "There is a reason to believe there is a light at the end of the tunnel...their legacy costs will be reduced no matter what."

JAL's shares ended up 2.3% at 90 yen Tuesday.

Global crisis helps China become top exporter, surpassing Germany

Trade's horse race

The global economic crisis, which has hurt China's low-end exports less than it has high-tech German goods, allowed China to pass Germany as the world's largest exporter in 2009. Exports in trillions of dollars



Note: Lighter shading in 2008 and 2009 is as of November.
Source: Global Trade Information

Continued from first page
Guangzhou-based exporter of leather bags.

To be sure, China's export prowess "is not speaking to how important and powerful Chinese companies are on their own," says Scott Kennedy, a China expert and political scientist at Indiana University. Sixty percent of the country's exports come from companies owned by foreign investors, he says.

The last decade has seen a sea change in global trade. Until as late as 2002, the U.S. was the world's leading exporter, before Germany claimed the top spot in 2003. At the time, China—which joined the World Trade Organization in 2001—was fifth, behind Japan and France. In 1997, China had been tenth, also trailing Canada and a host of European countries.

The past decade has seen a sea change in global trade. Until 2002, the U.S. was the world's leading exporter.

For Germany, the ascendance of China has been a double-edged sword. The country is "our biggest competitor but also our most dynamic market," says Jens Nagel, a trade expert with the German Exporters Association.

"We were proud to keep the ceremonial title of world export champion six years in a row, but now China has taken the lead," Mr. Nagel adds.

He cites the strong euro and the financial crisis among reasons behind the change. The association expects German exports to grow 10% in 2010. "It won't take us back to 2008, but the worst is over," says Mr. Nagel.

—Andrew Batson, Gao Sen, Sue Feng and Kersten Zhang contributed to this article.

Kumho restructures, raises funds and eliminates jobs
BUSINESS & FINANCE 18

Private equity's year of living publicly
HEARD ON THE STREET 32

BUSINESS & FINANCE.

Wednesday, January 6, 2010 THE WALL STREET JOURNAL. ** asia.WSJ.com

Director leaves Thai Airways amid scandal over baggage

By Phisanu Phromchanya

BANGKOK—**Thai Airways International** PCL's executive chairman, Wallop Bhukkanasut, resigned amid allegations that he and his wife evaded excess baggage charges on a flight.

Mr. Wallop's resignation from the board of Thai Airways and its budget airline Nok Air was effective Tuesday, Thai Airways Chairman Ampon Kittiampon said Tuesday. He said a report on an investigation into the incident will be presented to the board Jan. 15.

Mr. Wallop, his wife and an associate loaded 398 kilograms of luggage onto a Nov. 14 Thai Airways flight from Japan to Bangkok, Mr. Ampon said, adding that more than 150 kilograms of that amount was excess baggage.

"His resignation has set an ethical standard for the airline's executives on responsibility," said Mr. Ampon.

> Wallop Bhukkanasut, resigned amid allegations that he evaded excess baggage charges.

Attempts to reach Mr. Wallop were unsuccessful.

Mr. Wallop's resignation may further harm the reputation of Thai Airways, which long has faced questions over its transparency and been accused of rewarding politically connected executives.

Mr. Wallop was one of several senior directors at the airline, however, and his departure is unlikely to have an impact on the company's direction.

Last October, the government appointed Piyasvasti Amranand as president of Thai Airways. He immediately unveiled wide-ranging plans to revitalize the company, including a $150 million effort to overhaul the seating and in-flight entertainment.

The former energy minister, who has complained about difficulties running the airline because of red tape, also has vowed to improve the airline's financial structure.

Mr. Ampon told reporters that fourth-quarter earnings will be the company's strongest for the last year because of higher traffic and better use of aircraft.

Thai Airways posted a third-quarter loss of 4.03 billion baht ($121.3 million), compared with a profit of 426.2 million baht a year earlier.

Buffett objects to Kraft plan

Investment guru, a major shareholder, says stock issue opens way to overpay for Cadbury

By Dana Cimilluca And Cecilie Rohwedder

Associated Press

Warren Buffett's holding company voted 'no' on Kraft's effort to issue shares to fund its sweetened bid for Cadbury

Warren Buffett waded into the takeover saga surrounding **Cadbury** PLC Tuesday with an unusually public move to block **Kraft Foods** Inc.'s issuance of shares to fund its $16 billion offer for the British confectioner.

Mr. Buffett's move marked a sharp rebuke from Kraft's largest shareholder and came on the same day the U.S. food giant sweetened its hostile offer for Cadbury.

The Cadbury saga, which has dragged on for four months, has suddenly become a roller coaster. In addition to Kraft's new offer, which raises the cash portion, and Mr. Buffett's tart reply, potential rival **Nestlé** SA formally removed itself from any deal on Tuesday. Another possible bidder, **Hershey** Co., remained mum on its intentions.

Berkshire Hathaway Inc., Mr. Buffett's sprawling holding company, said Tuesday that it voted "no" on Kraft's effort to issue as many as 370 million shares to fund the cash-and-stock offer for Cadbury, which is now valued at £10.2 billion ($16.4 billion). The Berkshire statement cited a fear that Kraft will overpay in the acquisition. Berkshire said it controls about 9.4% of Kraft's shares outstanding, making it the company's largest shareholder.

The statement appeared to be a response to Kraft's announcement earlier in the day that the company would amend its offer for Cadbury by increasing the cash component. The overall value of the bid didn't change.

The sweetened bid accompanied an announcement that Kraft would sell its North American frozen-pizza business to Nestlé for $3.7 billion. Kraft said it would use net proceeds from the Nestlé deal, which it estimates at 60 pence (97 cents) per Cadbury share, to give Cadbury shareholders a "partial cash alternative" to its existing offer, which had been made up of 60% Kraft stock and 40% cash.

Kraft and Cadbury shareholders have a say on whether the deal happens. Kraft shareholders will vote on Feb. 1: a vote that will now take place with Mr. Buffett's warning ringing in their ears.

"The share-issuance proposal, if enacted, will give Kraft a blank check allowing it to change its offer to Cadbury—in any way it wishes,"

Please turn to page 19

SMFG plans an $8.6 billion share issue

By Atsuko Fukase

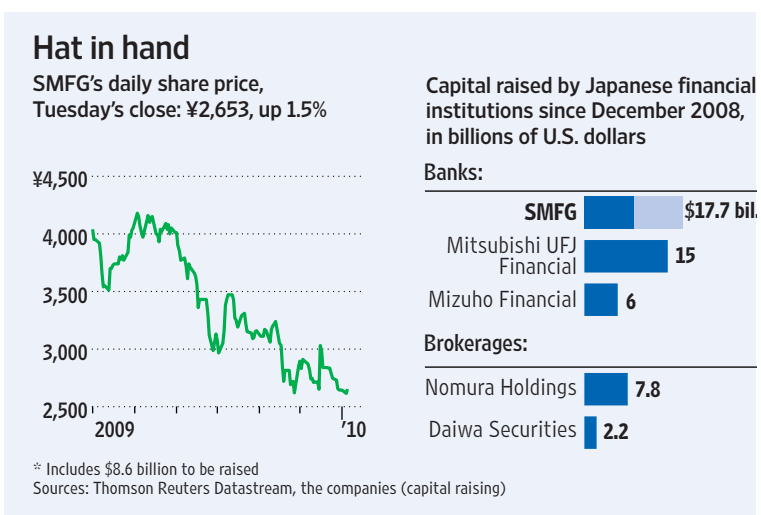
TOKYO—**Sumitomo Mitsui Financial Group** Inc. is likely to raise about 800 billion yen ($8.64 billion) by issuing common shares, a person familiar with the matter said Tuesday, in a move aimed at improving its capital quality in anticipation of stricter global banking rules.

SMFG is slated to hold a board meeting on Wednesday, another person familiar with the situation said. The bank will make an announcement later this week, the people said. Shares in SMFG ended up 1.5% at 2,653 yen on Tuesday.

If it goes ahead, the capital boost would be the bank's second this fiscal year after it raised more than $9 billion in June.

Japan's banks and brokerage firms have scrambled to raise cash by issuing common shares as they try to strengthen their capital bases before a Basel Committee proposal on global capital requirements becomes more specific this year. Any resulting regulation would come into force in 2012.

The top three banks in Japan have raised more than $30 billion via common-share issues since late 2008, including about $11 billion by Mitsubishi UFJ Financial Group Inc. last month.



SMFG's capital boost has been widely expected. The bank and its rival Mizuho Financial Group Inc. are considered to need more capital to be globally competitive. Japan's banks have relatively lower core Tier 1 capital ratios, a measure of financial strength, than their Western peers.

SMFG's core Tier 1 capital ratio stood at 4.7% as of Sept. 30, while MUFG's was at 7% after it raised one trillion yen last month.

Although not clearly defined, core Tier 1 capital usually refers to common stock and retained earnings, excluding preferred shares, preferred subscription securities and deferred tax assets. But depending on whether minority interests and intangible fixed assets are deducted from capital, the bank's core Tier 1 capital ratio could worsen, some analysts said.

Lockup rules—preventing Tokyo-listed companies from issuing new shares within 180 days of their last issuance—expired on Dec. 19 for SMFG and will elapse on Jan. 10 for Mizuho.

SMFG wants to build a capital buffer as early as possible to remain competitive in the financial industry, analysts said.

"There is no surprise in terms of timing and amount," said Shinichi Ina, a bank analyst at Credit Suisse, noting the market had already priced in SMFG's capital-raising plans.

The capital boost is likely in response to the stricter capital rules, Mr. Ina said, but added that the funding is also necessary to stay competitive.

Over the past few months, bank shares have dropped sharply due to share-dilution concerns, particularly since MUFG announced its capital boost plan in November. SMFG's stock price has fallen about 18% since Nov. 16, the next trading day after news media reported on MUFG's capital-raising plan.

Recent comments by SMFG President Teisuke Kitayama suggesting that the bank may consider additional capital raising have also weighed on its stock price. In an interview with Dow Jones Newswires in December, Mr. Kitayama said the bank may consider a common-share issue if needed to further expand its business.

—Alison Tudor contributed to this article.

Kumho restructures, eliminates jobs

Creditors consider revising debt repayment for conglomerate's units as cost-saving measures are implemented

By Kyong-Ae Choi and Jung-Won Shin

SEOUL—**Kumho Asiana Group** on Tuesday unveiled a restructuring plan that includes raising more than 1.3 trillion won ($1.13 billion) through asset sales and trimming its executive ranks as part of efforts to ease liquidity woes.

Creditors also held a meeting Tuesday to discuss whether to delay debt repayment for two other group affiliates—**Korea Kumho Petrochemical** Co. and **Asiana Airlines** Inc.—after the lenders agreed to put **Kumho Industrial** Co. and **Kumho Tire** Co. under a debt "workout," or rescheduling program, last week.

"The delay of debt repayment is one of several options to help the group push forward its restructuring efforts," said an official at main creditor Korea Development Bank. "But no decision has been made regarding debt-repayment delay" for Korea Kumho Petrochemical and Asiana Airlines.

A spokesman at Kumho Asiana said officials from Kumho Petrochemical and Asiana Airlines briefed creditors on their financial position during Tuesday's meeting.

Creditors will hold another meeting Wednesday to discuss ways to proceed with the debt-workout program for Kumho Tire and Kumho Industrial, the KDB spokesman said.

The country's eighth-largest conglomerate by assets intends to cut its executive head count to 180 from 230 and reduce their salaries by 20%, it said. All employees, with the exception of workers on assembly lines, will have to take unpaid leave for one month, and some benefits will be suspended.

Kumho Asiana, which has businesses in airlines, logistics and construction, now has a work force of about 38,000. The group's debt totals 15.7 trillion won, including 1.4 trillion won at Kumho Tire and 1.6 trillion won at Kumho Industrial.

Kumho Industrial plans to raise 477.6 billion won by selling some of its overseas assets. Korea Kumho Petrochemical will raise 265.3 billion won through a sale and leaseback of a heating and power plant and the sale of shares.

Shares of Kumho Asiana affiliates fell sharply on concerns about their outlook. Kumho Tire, which was suspended from trading Monday, ended down by the 15% daily limit at 3,065 won ($2.67) when the shares resumed trading Tuesday. Kumho Industrial closed down 15%. Kumho Petrochemical ended 1% lower, and Asiana Airlines closed down 2.1% at 3,725 won. The broader market finished down 0.3%.

"The measures are just the basic steps a company under restructuring has to take. Kumho Asiana needs to execute the measures first and then come up with other steps to fully put it back on track," said Cho Yoon-ho, an analyst at Daishin Securities.

Separately, **Korea Express** Co., South Korea's largest logistics firm by revenue and an affiliate of Kumho Asiana, said it has scrapped plans to issue 120 billion won in corporate bonds in the wake of Kumho Asiana's financial troubles.

A look into Kumho

- **Chairman & CEO:** Park Chan-bup, but its honorary chairman is Park Sam-koo.
- **Major affiliates:** Kumho Petrochemical, Kumho Industrial, Kumho Tire, Asiana Airlines, Korea Express, and Daewoo E&C. The affiliates are closely related to each other with cross shareholding.
- **Major shareholders** (mostly family members) have 48.46% of Kumho Petrochemical, and also 15.03% of Kumho Industrial.

  Kumho Petrochemical in turn has 19.03% stake in Kumho Industrial.
- **Revenue for 2008:**

Sources: the company; Bloomberg News (photo)

The Kumho Asiana Group headquarters in Seoul

Apple nears launch of a tablet device, planning to ship in March

By Yukari Iwatani Kane And Geoffrey A. Fowler

Looking to build on the momentum of its iPhone and iPod, **Apple** Inc. will unveil a new multimedia tablet device later this month, but isn't planning to ship the product until March, say people briefed by the company.

While the device's ship date hasn't been finalized and could change, people briefed on the matter said the new product will come with a 10 to 11-inch touch screen—which would make it closer in size to Apple's MacBook laptops than its smart phone.

Apple was working on two different material finishes for the device, one of these people said, though it was unclear whether the Cupertino, Calif., company was just testing the finishes or planning to come out with multiple versions of a tablet at different prices.

An Apple spokesman said the company doesn't comment on rumors and speculation.

The tablet is expected to be a multimedia device that will let people watch movies and television shows, play games, surf the Internet and read electronic books and newspapers.

Though companies such as **Toshiba** Corp. and **Hewlett-Packard** Co. have introduced Windows-based tablet computers before and **Amazon.com** Inc. and others sell similarly-sized digital-book readers, people briefed by Apple say the company intends to carve out a new product category.

Yair Reiner, an analyst for Oppenheimer & Co., said in a research note last month that the tablet would be priced at about $1,000, citing sources. One challenge: Apple's MacBook computers start at $999.

INDEX TO BUSINESSES AND PEOPLE

Businesses

This index of businesses mentioned in today's issue of The Wall Street Journal is intended to include all significant reference to companies. First reference to the companies appears in bold face type in all articles except those on page one and the editorial pages.

Abbott Laboratories....19
AIG....25
Alcoa....27
Alcon....19
Aluminum....27
Amazon.com....18
AMR....7
Anadarko Petroleum....14
Apollo Global Management....32
Apple....8,18
Asia Master Fund....26
Asiana Airlines....18,27
AT&T....8,18
Banco Santander....24
Barclays....23,24
Blackstone Group....32
Block H.&R....24
BMW....20
BP....14
Brigade Capital....25
Cadbury....17,19
Chevron....14
Chrysler Group....25
Citadel Broadcasting....25
CIT Group....25
Citigroup....23
Continental Airlines....7
Credit Suisse....10,23
Cushman & Wakefield..10
Delta Air Lines....7
Deutsche Bank....23
Devon Energy....14
Discovery Communications....19
Eddie Bauer Holdings...25
Eli Lilly....22
ELPIDA....27
Emaar MGF....10
Exxon Mobil....14
Ferrero....19
Ford....27
Ford Motor....21
Fresenius....19
General Mills....19
General Motors....25
GlaxoSmithKline....22
Global Special Investments Master Fund....26
Godrej Properties....10
Goldman Sachs Group..23
Google....8
Hershey....17
Hewlett-Packard....18
Honda Motor....20
HSBC Holdings....24
HTC....8
Hutchison Telecommunications International....27
Hutchison Whampoa....27
Hyundai Motor....20,27,32
Imax....19
ImClone Systems....22
Intuit....24
Jackson Hewitt Tax Service....24
JPMorgan Chase....23
Kendle International....22
Kia Motors....21,27,32
Kohlberg Kravis Roberts....32
Korea Express....18
Korea Kumho Petrochemical....18,27
Kraft Foods....17,19,27
Kumho Asiana Group...18
Kumho Industrial....18,27
Kumho Tire....18,27
Lazy Days RV Center...25
Lear....25
LG Electronics....19
Lloyds Banking Group..24
L'Oreal....19
Maruti Suzuki India....20
Masonite International 25
Mead Johnson Nutrition....19
Metro Bank....24
Microsoft....21
Motorola....8
National Australia Bank....24
Nestle....17,19
New Leaf Venture Partners....22
News Corp....22
Northern Rock....24
Novartis....19
Och-Ziff Capital Management....26
OZ Master Fund....26
OZ Minerals....27
Panasonic....19
Parexel International...22
Petrobras....14
Pharmaceutical Product Development....22
Pilgrim's Pride....25
Quintiles Transnational22
Research in Motion....8
Royal Bank of Scotland Group....24
Sahara Prime City....10
Samsung Electronics....27
Sanofi-Aventis....22
Skype Technologies....19
Sony....19
Standard Chartered....24
Sumitomo Mitsui Financial Group....17,27
Suzuki Motor....20
Tata Motors....20
Tenex Capital....25
Thai Airways International....17
T-Mobile....8
Toshiba....18
Toyota Motor....20
Transocean....14
Travelers....27
Tullow Oil....14
UBS....23
United Technologies....27
Verizon....8
Virgin Group....24
Vodafone....8
Volkswagen....20
VTB Capital....23
Wagner Tiefkuehlprodukte....19
Walt Disney....19
YRC Worldwide....25

People

This index lists the names of businesspeople and government regulators who receive significant mention in Today's Journal.

Ampon Kittiampon....17
Aoki, Satoshi....21
Armstrong, Robert....22
Birkenfeld, Bradley....23
Black, Leon....32
Blixseth, Beau....10
Branson, Richard....24
Buffett, Warren....17
Cameron, James....22
Chesley, Richard....25
Dean, Carol....23
Doherty, Richard....18
Eygun, Francois....22
Feldman, Matthew....25
Foley, Jane....26
Fulton, Kathryn....24
Gibson, L.J.....10
Green, Mike....25
Haynes, John....19
Hill, Vernon....24
Hoffa, James....25
Inadome, Katsutoshi....27
Ina, Shinichi....17
Johnson, Peter....22
King, Duncan....10
Kirkland, George....14
Kirscher, Ralph B....10
Kondo, Koichi....20
Kravis, Henry....32
Lechleiter, John....22
Levin, Richard....25
Lin, Spencer....23
Luquette, Gary....14
Malin, Amir....22
McCord, Rob....25
Miller, Julie....24
Monnereau, Frederic....22
Morgan, Don....25
Mossberg, Walter S.....8
Nakagawa, Hiroshi....20
Nekrasov, Sergei....22
Newman, Steven....14
Niedel, James E....22
Olenicoff, Igor....23
Parekh, Keyur....22
Piyasvasti Amranand...17
Rainey, David....14
Rattner, Steven....25
Reiner, Yair....18
Schwarzman, Stephen..32
Shulman, Doug....24
Silverman, Josh....19
Snyder, William....25
Sprague, Mike....21
Tollman, Peter....22
Turner, Chris....26
Wallop Bhukkanasut....17
Zloch, William....23
Zollars, William D.....25

Corrections & Amplifications

More than $1.4 trillion in commercial mortgages will come due by 2013, according to a **Deutsche Bank** analysis. An article about the real-estate market in Monday's issue incorrectly gave the number as $1.4 billion.

Nestlé focuses on food

Purchase of Kraft pizza operation follows sale of eye-care unit

By Martin Gelnar

ZURICH—With two transactions in the space of two days, **Nestlé** SA has positioned itself as more of a pure food company, bolstering its presence in an important category in North America and pulling out of the noncore ophthalmology sector.

Nestlé said Tuesday it is buying **Kraft Foods** Inc.'s frozen-pizza operations in the U.S. and Canada, including brands such as DiGiorno and Tombstone, for $3.7 billion in cash. A day earlier Nestlé sold its remaining stake in U.S.-based eye-care unit **Alcon** Inc. to Swiss drug maker **Novartis** AG for $28.1 billion.

The moves underscore the transformation of Nestlé, already the world's largest food-and-beverages producer by sales, into a more focused company.

It now has just one big nonfood asset left, a 29% stake in French cosmetics giant **L'Oréal** SA, which, for the time being, can't be altered because of a complex contract with the other big shareholder, the Bettencourt family.

Following Nestlé's deal with Kraft, the Swiss company will become a dominant frozen-pizza player in North America, the world's largest market worth $37 billion, where it has played a marginal role so far. The transaction is expected to close this year, pending regulatory approval.

Kraft will use the proceeds from the pizza deal to sweeten its offer for Cadbury PLC. Nestlé said it wouldn't participate in a bid for the British confectioner.

Many analysts welcomed the pizza acquisition as an important step in a key category. "The deal, giving Nestlé a fast-growing business with a potential 20% margin at an attractive price, would be seen as a good bit of business," said Kepler analyst Jon Cox. "Unfortunately it comes as Kraft is in the middle of a bruising battle for Cadbury, which takes the gloss off it."

But analysts from Zuercher Kantonalbank and Bank Vontobel doubted the takeover was a good strategic fit, saying they would have preferred acquisitions in areas such as nutrition or emerging markets.

Nestlé, which portrays itself as a company focused on health and wellness, said the acquisition is in line with its strategy. "We try to improve the nutritional value of all of our products, including prepared dishes," a spokeswoman said.

Independent food-industry analyst James Amoroso said Nestlé's bolstering of a traditional food category is compatible with its goals. "If Nestle produces the tastiest and 'best for you' pizzas, that is fulfilling its mission to the maximum," he noted.

Nestlé's prepared-dishes and cooking-aids division, with brands such as Maggi, Buitoni and Hot Pockets, generated sales of 18.1 billion Swiss francs ($17.57 billion) in 2008, or 16% of the group total. The division had an operating profit margin of 12.8%, below the group average of 14.3%.

Nestlé, which typically spends two to three billion francs a year for bolt-on acquisitions, has recently sized up in areas such as baby food, most notably the Gerber brand, and clinical food. Late last year, the company strengthened its frozen-pizza operations in Europe, buying a majority stake in **Wagner Tiefkuehlprodukte** GmbH, a company with an estimated market share of 33% in Germany.

Many market watchers now expect Nestlé to increase the pace of takeovers. Among the companies believed to be on its radar screen are **Mead Johnson Nutrition** Co., parts of **Abbott Laboratories** or **Fresenius** SE's clinical nutrition operations. And in a recent study, Nomura suggested Nestlé may consider a bid for **General Mills** Inc., its joint-venture partner in cereals.

Nestlé shares closed at 49.75 francs ($48.31), down 1.20 francs, in Zurich.

—Julia Mengewein and Steve McGrath contributed to this article.

Warren Buffett warns Kraft on Cadbury

Continued from page 17

Berkshire said.

A number of investors scratched their heads at the statement, given that, according to a timetable set out by U.K. takeover authorities, Kraft has until Jan. 19 to raise its offer, meaning that they will know by then what they are voting on.

Cadbury swiftly rejected the revised bid, a stance it has taken since early September. "Kraft has once again missed the point," a Cadbury spokesman said. "Despite this tinkering, the Kraft offer remains unchanged and derisory with less than half the consideration in cash."

Kraft said it takes Mr. Buffett's opinion seriously. "We agree that Kraft Foods shares are deeply undervalued and we would certainly not do anything that hurts shareholder value," a spokeswoman said. "We intend to remain disciplined in this process."

John Haynes, head of U.K. equity research at Rensburg Sheppards Investment Management Ltd. in London, said he would recommend that his firm's clients reject Kraft's new offer. "It's not really improved. It was 740 before, it is 740 today, which is massively too low as a starting point," he said. "There is a tiny bit more cash and you give up some shares, but most of our shareholders don't want Kraft shares anyway."

As of November, Rensburg Sheppards clients accounted for 4.7 million Cadbury shares, according to LionShares.

Tuesday's moves put the Cadbury sweepstakes in better focus. Kraft remains the only declared suitor but is under pressure to improve its offer. Nestlé, meanwhile, formally removed itself from the running for Cadbury for the first time. Still weighing its options is Hershey, the U.S. chocolatier that has been considering a bid. Italy's **Ferrero** SpA has said it is considering its options with regard to Cadbury, but the odds that it will launch a full-blown bid of its own are low.

Kraft's offer was 745 pence a share when the Northfield, Ill., company made it official in early November. That included 300 pence in cash.

Cadbury's share price fell Tuesday on the news that Nestlé, which had been considered the potential suitor with the greatest ability to trump Kraft, won't bid for the company, and as a result of the pressure on Kraft from Mr. Buffett not to overpay. The shares fell 3.2% to close at 779 pence in London.

That is still above the Kraft offer price, indicating investors will follow Cadbury management's cue and reject the offer unless Kraft raises it. That could now be more difficult given Mr. Buffett's latest missive.

Berkshire, which holds about 138.3 million Kraft shares, said "we worry very much that, indeed, there will be an additional change from the revision announced this morning. What we know with certainty, however, is that Kraft stock, at its current price of $27, is a very expensive 'currency' to be used in an acquisition."

"In 2007, in fact, Kraft spent $3.6 billion to repurchase shares at about $33 per share, presumably because the directors and management thought the shares to be worth more," Berkshire said.

Berkshire did note that Kraft has two weeks to announce a final offer for Cadbury. "If we conclude at that point that the offer does not destroy value for Kraft shareholders, we will change our vote to 'yes' " on the share-issuance plan.

Cadbury plans to report its latest results on Jan. 15, when it will once again explain its reasons for rejecting the offer. Kraft is expected to wait until it sees those results before putting in any new offer.

By selling the pizza business, Kraft is also giving up one of its top-growing units. Among its brands are Tombstone, California Pizza Kitchen and DiGiorno.

In announcing the deal with Nestlé Tuesday, Kraft said it would use proceeds for "deleveraging to maintain its investment-grade credit rating."

Nestlé on Monday had bolstered its own coffers by selling its stake in eye-care company Alcon Inc. to Swiss drug maker Novartis AG for $28.1 billion in cash. As part of Tuesday's announcement, Nestlé said "it does not intend to make, or participate in, a formal offer for Cadbury," officially taking itself out of the running for Cadbury for the first time.

That leaves Hershey as the most likely counter bidder. People familiar with the matter have said that Hershey is considering such a move, though it wasn't expected to make a decision before Kraft puts its final offer on the table as part of the 60-day timetable.

But the Pennsylvania company is smaller than Cadbury and making an offer would jeopardize its credit rating and risk massive dilution for its shareholders.

Kraft, by Wednesday morning, is expected to detail for the first time the level of acceptances it has received so far from Cadbury shareholders.

Cadbury shareholders have until Feb. 2 to tender their shares unless another suitor emerges, which could extend the time frame.

—Tess Stynes contributed to this article.

Media groups plan 3-D TV networks

By Sam Schechner

Two groups of media companies are each planning to launch new 3-D television networks in the U.S., as entertainment and electronics companies look to push 3-D technology into more homes.

Discovery Communications Inc., **Sony** Corp. and **Imax** Corp. are planning for a 2011 debut of their 3-D network in 2011.

News of the new venture, confirmed by Discovery, could be announced as early as Tuesday in the run-up to the Consumer Electronics Show in Las Vegas.

Walt Disney Co.'s sports-TV unit ESPN separately announced Tuesday that it will launch a 3-D television network in the U.S. later this year. The new network will include matches from soccer's World Cup, as well as from U.S. sports, like college football, the company said.

The new Discovery-Sony-Imax network will be structured as a joint venture, and include 3-D content from both Sony and Discovery.

Unlike the ESPN channel, which a spokeswoman says will be available only when events are aired, the Discovery-Sony channel will be on the air 24 hours a day, seven days a week, one of the people familiar with the matter said.

Both ESPN and Discovery were big early proponents of high-definition TV technology. Sports helped drive many of the early purchases of high-definition TV sets.

Discovery's HD programming, like "Planet Earth" also spawned fans who insisted on watching in high definition. Executives at both companies have said in recent months that they see similar opportunities with 3-D.

It is unclear what investment the Discovery-Sony-Imax group will make in its new network.

The new venture plans to build from scratch, rather than converting an existing channel already distributed into U.S. homes, according to one person familiar with the matter. Discovery has in the last two years entered into other joint ventures that repurpose less popular networks that are in millions of homes.

Next year, it plans to replace Discovery Health with OWN, a new network it owns in a joint venture with talk-show star Oprah Winfrey.

TV manufacturers to add Skype

By Nathan Becker

Skype Technologies SA said **LG Electronics** Inc. and **Panasonic** Corp. will begin producing televisions with its technology, allowing users to make video calls over the Internet without a computer.

The technology will appear in Panasonic's line of 2010 Viera Cast-enabled TVs as well as 26 new LG TVs that connect to the Internet. Both companies' Skype-enabled TVs are expected to be available in the middle of the year. LG and Panasonic also will sell high-definition Webcams with microphones.

"For many people who are video calling on Skype, they have expressed a desire to communicate with their friends and family from somewhere comfortable, and preferably on a big screen," said Skype Chief Executive Josh Silverman. "Logically, this led to the development of Skype" on TVs.

Legal Notices

PUBLIC NOTICES

ONTARIO
SUPERIOR COURT OF JUSTICE
IN THE MATTER IF THE FUND OF FUNDS, LIMITED
AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
R.S.O 1990, c. B.16, AS AMENDED

NOTICE TO FUNDHOLDERS OF THE FUND OF FUNDS, LIMITED ("FOF") AND IOS GROWTH FUND, LIMITED ("GROWTH")

FOF and Growth were ordered to be wound-up by Orders of the Ontario Court in Canada on August 1, 1973. FOF and Growth had been related companies prior to their liquidations and the FOF and Growth liquidations were therefore carried on largely in common under the supervision of the Ontario Court. The Liquidator of both was latterly Deloitte & Touche Inc. ("Deloitte").

By Order of the Ontario Court dated the 26th day of August, 1997 Deloitte was discharged as Liquidator of Growth and Growth was dissolved on the 31st day of August, 1997. The Liquidator of FOF was authorized thereafter to pay from the FOF estate all remaining claims for payment to unpaid Growth Fundholders.

By Order of the Ontario Court dated the 27th day of June, 2006 and as amended by Order dated the 15th day of October 2009, Deloitte was directed to give notice to all unpaid FOF Fundholders and unpaid Growth Fundholders by publishing this notice in certain newspapers.

THEREFORE TAKE NOTICE that if you are an unpaid Growth Fundholder and do not file a claim with Deloitte at the address shown below for payment of your Growth entitlement on or before the 30th day of July, 2010 you shall, effective as at July 31, 2010, be deemed to be no longer a creditor of the FOF estate and be wholly-barred from payment from the FOF estate.

AND TAKE NOTICE that if you are an unpaid FOF Fundholder and have or may have a claim to an odd lot or insurance balance your claim for payment must be received by Deloitte at the address shown below on or before the 30th day of July, 2010, and if you fail to file your claim by that date you shall, effective as at July 31, 2010, be deemed to be no longer a creditor of the FOF estate with respect to your odd lot and insurance balances and any such claim shall be wholly-barred.

AND TAKE NOTICE that if you are an unpaid FOF Fundholder your claim for payment of your FOF entitlement must be received by Deloitte at the address shown below on or before the 31st day of July, 2010, and any claim not received by Deloitte by that date might not be processed by the Liquidator, and such late claims may be transferred by the Liquidator to the Office of the Public Guardian and Trustee of Ontario.

AND TAKE NOTICE that the Ontario Court has ordered that the Liquidator be discharged on the 31st day of May, 2011 and that FOF be dissolved on the 31st day of May, 2011 and all property of FOF that has not been disposed of prior to the 31st day of May, 2011 shall be paid to the Public Guardian and Trustee to be dealt with according to the laws of Ontario. All enquiries after the 31st day of May, 2011 should be addressed as follows: Ministry of the Attorney General, Office of the Public Guardian and Trustee, Toronto Regional Office, 595 Bay Street, Suite 800, Toronto, Ontario, Canada M5G 2M6.

DATED at Toronto, this 4th day of January 2010

Until July 31, 2010 please respond to:
Mr. Michael W. Mackey, C.A.
Deloitte & Touche Inc., Liquidator of
The Fund of Funds, Limited
c/o Auxiliaire de Liquidation (Canada)
Limited
95 Wellington Street West
Suite 702 (P.O. Box 66)
Toronto, Ontario, Canada M5J 2P4
Tel. 416-874-3890
Fax. 416-601-1757

CORPORATE NEWS: NEW DELHI AUTO EXPO

Car makers plan launches in India

Manufacturers to produce new small cars and SUVs to meet strong demand in local market

By Prasenjit Bhattacharya

New small cars and SUVs were launched at India's Auto Expo in New Delhi Tuesday. Above, Honda's concept car; below left, Toyota's Etios compact car; below right, Skoda executives unveil the company's Yeti SUV.

NEW DELHI—Global auto makers Tuesday lined up concept cars and launched new models at the New Delhi Auto Expo, aiming to tap into a local market that continues to shrug off the recession that has affected car sales in developed markets.

Honda Motor Co. and **Toyota Motor** Corp. both unveiled concept small cars they are looking to launch by next year.

While Honda has yet to name its small car—which it plans to sell domestically at around 500,000 rupees, or about $10,800—Toyota has christened its car Etios, though it hasn't disclosed a price. Both will be launched in India first, though the Honda car will make a simultaneous debut in Thailand.

"With the introduction of Etios, we will enter the mass-volume segment. We are looking at a sales volume of 70,000 [cars] in the first year [from its launch]," said Hiroshi Nakagawa, managing director of Toyota's Toyota Kirloskar Motor arm.

Volkswagen AG, Europe's largest car maker by sales, on Tuesday said it will begin selling its Polo hatchback and its Race Polo variant in India in March, with gasoline and diesel options.

The company also plans to launch a sedan in India in the second half of 2010, though it hasn't disclosed a price.

The competitively priced small car segment here is booming. Honda, Volkswagen and Toyota trail **Maruti Suzuki India** Ltd., **Hyundai Motor** Corp.'s India arm and **Tata Motors** Ltd. in that niche. Maruti Suzuki is majority owned by Japan's **Suzuki Motor** Corp.

Small cars—with an engine capacity of 0.8 liters to 1.6 liters—make up nearly two-thirds of total car sales in India, with Maruti controlling more than half this market.

They are a key part of a surging auto market. Passenger vehicle sales in India rose 17% last year to an estimated 1,681,000 units compared with a year ago.

However, growing affluence in India has led to sedans and sport-utility vehicles being considered a status symbol, allowing auto makers to sell expensive models, although at far lower volumes than small cars.

Maruti Suzuki, Skoda and **BMW** AG announced the launch of higher-priced cars and sport-utility vehicles at the expo.

India's largest car maker by sales, Maruti Suzuki announced the launch of its luxury Kizashi sedan by 2010, while it also plans to launch the hybrid version of its SX4 sedan in October.

Volkswagen's Czech unit, Skoda, announced plans to launch its Yeti sport-utility vehicle in the next six months.

Volkswagen itself said it expects to deliver 250 units of its iconic Beetle by the end of May.

Luxury car maker BMW said it would offer two new vehicles at the expo: a sport-utility vehicle, the X6 M, and the 7 Series Sedan 760 Li, while it plans to launch its X1 sport-utility vehicle by the end of this year.

Car makers are also manufacturing more of their models in India and sourcing more components from local vendors.

"We plan to make greater use of the local parts sourcing network as there are many competitive suppliers in India," said Koichi Kondo, Honda's executive vice president and representative director.

"With this strong network, Honda will further use local procurement to introduce a car with an attractive price for more Indian customers," Mr. Kondo said.

Honda plans to localize 80% of the component supply for its coming small car in India.

Both BMW and Toyota will make several of their car models in India.

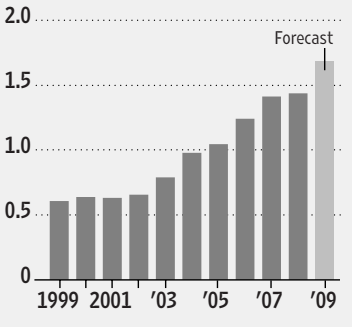
BMW will start manufacturing its 3 and 5 Series sedans at its Chennai plant in southern India by the end of 2010.

Toyota will manufacture the Etios at its existing south Indian plant.

Volkswagen said it will initially source 50% of components for its Polo hatchback to be manufactured in India from domestic suppliers, which will increase to 70% in one to three years.

On wheels

Pasenger-vehicles sales in India, in thousands



Note: includes sales of SUVs and MPVs
Source: J.D. Power and Associates

Clockwise: Associated Press (2), Reuters

Bloomberg News

Ford's U.S. market share rose last year. Above, a Ford dealer's lot in Raleigh, N.C.

Ford U.S. sales climb, but Chrysler stumbles

By John Kell

Ford Motor Co. posted a 33% rise in December U.S. light-vehicle sales, ending a stellar year for the auto maker compared with its rivals. Ford recorded its first full-year market-share gain since 1995.

Meanwhile, **Chrysler Group** LLC posted a 3.7% decline and said its full-year sales were the worst the auto maker had seen in 47 years.

Shares in Ford were up 7.1% at $11.01 at midday on the New York Stock Exchange, reaching the highest level since August 2005.

Ford put its U.S. market share at 15% for the year—one percentage point higher than 2008. December's sales growth marks the fifth time in six months Ford has seen increases. The company has posted back-to-back quarterly profits.

On Tuesday, Ford reported its U.S. companywide light-vehicle sales were 183,701 in December compared with 138,325 a year earlier. There were 28 selling days last month, two more than last year.

Ford, Lincoln and Mercury car sales rose 33% to 179,017. Sales of crossover vehicles rose 51%, while sales of sport-utility vehicles increased 33%. Truck and van sales rose 18%. For the year, Ford's sales fell 15% to 1.62 million.

Chrysler reported sales fell to 86,523 vehicles in December, with a 31% gain in car sales and a 14% decline in truck sales. Still, the company said 11 vehicles experienced year-over-year increases. For all of 2009, Chrysler's sales declined 36% to 931,402 vehicles. Chrysler, which left bankruptcy protection in June under the management control of **Fiat** SpA, has performed the worst of any of the major auto makers.

Nissan Motor Co. of Japan said sales rose 18% to 73,404 vehicles in December, although full-year results fell 19% to 770,103.

"Despite the huge challenges and uncertainties of last year, combined Nissan and Infiniti market share set a record in 2009," said Nissan U.S. sales and marketing executive, Brian Carolin.

WSJ.com

See car-sales data and updates on the U.S. auto industry, at WSJ.com/Detroit at **WSJ.com/OnlineToday**

Japan domestic car sales get boost from incentives

By Yoshio Takahashi

TOKYO—Japan's domestic auto sales rose sharply in December from the previous year, data showed Tuesday, suggesting that government incentives continue to support an industry reeling from a strong yen and weak sales in the U.S. and Europe.

Sales of new cars, trucks and buses increased 36.5% in December from a year earlier as government measures boosted demand for fuel-efficient cars, the Japan Automobile Dealers Association said. December's increase was the fifth consecutive monthly rise in sales, and followed a 36% surge in November. The jump in sales last month reflects the low base in the year-earlier month, when the global financial crisis cut auto demand.

December sales totaled 250,474 vehicles, the association said. However, overall sales for 2009 fell 9.1% to 2.92 million vehicles, the sixth straight year of decline and the lowest figure in 38 years.

The data don't include sales of minicars or trucks with engine capacities of 660 cubic centimeters or less.

Still, the outlook for Japan's auto market looks encouraging after the government decided to extend subsidies—initially scheduled to end in March—by six months to continue promoting the scrapping of vehicles older than 13 years in favor of the purchase of new fuel-efficient ones.

Indeed, auto makers such as Toyota Motor Corp. have found it difficult to keep up with booming demand for hybrid and other fuel-efficient cars since the government introduced tax breaks and subsidies in the first half of last year.

"The extended subsidies will certainly help the spread of fuel-efficient vehicles, and will support demand for domestic autos," Satoshi Aoki, chairman of the Japan Automobile Manufacturers Association, a separate industry body, said at a news conference last month.

Domestic auto sales, including those of mini vehicles, are expected to rise for the first time in six years in 2010, helped by the continued government purchasing incentives, according to JAMA. Vehicle sales are projected to increase 4.1% to 4.8 million vehicles.

Even so, the projected sales volume for 2010 is the lowest in 32 years, JAMA said.

Kia, Microsoft plan voice system

By Alex P. Kellogg

Kia Motors America and **Microsoft** Corp. are forming a partnership to provide a new system that will allow drivers and passengers to make phone calls and control a car's audio system through voice commands.

Called UVO, the hands-free system will be offered in several **Kia Motors** Corp. vehicles by the end of the year, according to the auto maker, the first being the 2011 Kia Sorento crossover, likely to be out around July.

UVO will also be the first direct competition to **Ford Motor** Co.'s Sync system, which is also based on Microsoft technology.

Kia and Microsoft planned to announce the partnership Tuesday at the 2010 International Consumer Electronics Show in Las Vegas.

Ford is expected to unveil new Sync features that combine navigation and online social media at the International Consumer Electronics Show in Las Vegas.

The next generation of Ford's Sync, expected later this year, will also offer wireless Internet access, the company has said.

Hands-free technologies allow drivers and vehicle passengers to answer and place phone calls, send and receive text messages and access music and other media, primarily by using voice-recognition programs.

UVO will provide all such functions but won't offer turn-by-turn directions as Ford's Sync technology does.

Both UVO and Sync can be linked to iPhones, MP3 players and other portable music and cellphone devices.

"For us, it's a breakthrough interface," said Michael Sprague, vice president of U.S. marketing for Kia. Mr. Sprague declined to say what the product would cost but said it would be consistent with Kia's value message.

"We've always made sure that we continue to offer the consumer the best value," said Mr. Sprague. "So we'll make sure we do the same with UVO."

Sync, which is offered in Ford vehicles such as the Fusion and the F-150 pickup truck, starts at about $400.

GE realigns appliances unit

By Paul Glader

General Electric Co. is realigning the industrial business formerly part of the division that makes appliances and light bulbs.

The company confirmed Monday that its Consumer & Industrial division, based in Louisville, Ky., will lose authority over products such as electrical substations and circuit breakers, which will be placed under Atlanta-based GE Energy in a new division called Industrial Solutions.

The division will be renamed GE Home & Business Solutions and will include alarms and advanced electronics along with home appliances and light bulbs. GE Senior Vice President Charlene Begley, 43 years old, will head the new division and report to Chief Executive Jeffrey Immelt.

Jim Campbell, president and CEO of the former Consumer & Industrial division, will lead the Louisville-based GE Appliances & Lighting division and will report to Ms. Begley, who is based in Albany, N.Y.

"The new alignment provides greater high-level leadership focus," a GE spokeswoman said.

GE Home & Business Solutions will have 27,000 employees, down from the 39,000 employees that included the electrical solutions business.

Mr. Immelt attempted in 2008 to sell GE's appliance division. In 2007, the lighting-and-appliance group had posted record revenue of $12.66 billion and operating profit of $1.03 billion but after the housing bust revenue dropped 7.3% in 2008 as profit tumbled 65%.

Save up to SGD900 when you register early!
Contact Yee Lim at +65 6322 2701 or email yeelim.tan@terrapinn.com to register now.
Low Cost Airlines
WORLD
Asia Pacific
27 – 29 January 2010, Raffles City Convention Centre, Singapore
NOW BOARDING
Asia's definitive airline conference where full-service and low-cost carriers innovate low-cost strategies and business models
LEADING LOW COST AIRLINES & AIRPORTS CEOs
Azran Osman Rani, Chief Executive Officer, AirAsia X
Bruce Buchanan, Chief Executive Officer, Jetstar
Tony Davis, Chief Executive Officer, Tiger Airways
Brett Godfrey, Chief Executive Officer, Virgin Blue
Zhang Xiuzhi, Chief Executive Officer, Spring Airlines
Adel Ali, Chief Executive Officer, Air Arabia
NEW! Reg Macdonald, Chief Executive Officer, Viva Macau
NEW! Walter Prenzler, Chief Executive Officer, Nas Air
NEW! Diono Nurjadin, President Director, Mandala Air
NEW! Stefan Pichler, Chief Executive Officer, Jazeera Airways
NEW! Hae-Gu Yang, President & Chief Executive Officer, Eastar Jet
NEW! Sanjay Aggarwal, Chief Executive Officer, SpiceJet
Dato Tan Sri Bashir Ahmad, Managing Director, Malaysia Airports Holdings
NEW! Serirat Prasutanond, President, Airports of Thailand Public Company
John McCall, Chief Executive Officer, Dunedin International Airport
NEW! Ian Kew, Chief Executive Officer, Northern Territory Airports
Official travel insurance sponsor:
Silver sponsors:
Official travel booking sponsor:
Held in conjunction with:
Organised by:
Supported by:
Held in:
Media partner:
www.lowcostairlinesworld.com/sg

CORPORATE NEWS

Foreign audience propels 'Avatar'

Two-thirds of sci-fi blockbuster's ticket sales are from outside U.S., with fan base in France, Germany and Russia

By Ethan Smith, Alan Cullison And Max Colchester

Less than three weeks after "Avatar" hit theaters, the high-tech Hollywood science-fiction epic is already the most successful movie ever in Russia, with $55.5 million in box-office receipts.

In France, the movie has raked in $85.6 million—more money than in any country besides the U.S.—while Germans have bought $56.1 million worth of "Avatar" tickets.

The movie's resonance with non-American audiences is a crucial propellant behind "Avatar's" ascent to the box-office stratosphere; it topped the $1 billion mark in ticket sales this past weekend.

Two-thirds of the total box-office receipts so far have been generated outside the U.S.

"Avatar" had sold $352.1 million worth of tickets in the U.S. and Canada after 17 days, while its international haul stood at $670.2 million as of the weekend, according to Hollywood.com.

Foreign audiences routinely flock to Hollywood "event" movies like the "Harry Potter" series, "The Lord of the Rings" trilogy and the "Pirates of the Caribbean" franchise. Those films also took in about two-thirds of their revenue abroad—underscoring the growing importance of foreign audiences for American studios that have seen their revenue from DVD sales dwindle.

Globalization has raised the financial importance of many foreign markets, including Russia and Brazil—both of which are among the top 10 markets for "Avatar," said Amir Malin, a managing principal at Qualia Capital, an investment firm focused on the media and entertainment industry.

"Five or 10 years ago, these markets were an afterthought," Mr. Malin said.

"Avatar" also appears to be benefiting from a variety of factors, ranging from director James Cameron's avid fan base to higher ticket prices charged for the movie's 3-D screenings, and even its politics.

Mr. Cameron has a special place in the hearts of Russian theater operators, since "Titanic" brought their industry back from the brink of extinction more than a decade ago.

"After the fall of the Soviet Union people just weren't going to the movies anymore," said Sergei Nekrasov, deputy editor of the magazine Russian Film Business Today.

"It was considered a dying industy. Then, when 'Titanic' came, there were lines at the door," Mr. Nekrasov said.

In Moscow, 3-D screenings of "Avatar" have been booked for a week in advance, and some theaters have scheduled screenings at 3 a.m. and 5:30 a.m.

Tickets for 3-D screenings can cost about 50% more than for a regular movie, a fact that has fueled the sales numbers for "Avatar." About 30% of the screens outside the U.S. are showing the picture in 3-D, according to distributor Twentieth Century Fox; those have generated 64% of the movie's international total.

Twentieth Century Fox is owned by **News Corp.**, which also publishes The Wall Street Journal.

France has the most 3-D screens in Europe. There are now 500 screens there showing "Avatar" in 3-D, compared with 456 in the U.K., said Frederic Monnereau, the head of sales at Twentieth Century Fox France.

In France, "Avatar" is the second-most successful American-made movie in history, right behind 1997's "Titanic"—Mr. Cameron's previous movie. (Four French-made movies have done better than both.)

Some moviegoers abroad are drawn to what they see as an anti-capitalist message in the film's plot.

In the movie, the villains work for a corporation intent on mining a mineral on a far-off planet, dislocating a population of nature-loving humanoids in the process.

The movie's hero, a former Marine, eventually changes sides to lead the inhabitants' fight against the destructive, capitalist Earthlings.

The plot line has drawn complaints from some conservative U.S. moviegoers, while the left-leaning French daily Liberation praised Mr. Cameron, the director, as the "galaxy's eco warrior."

Francois Eygun, a 19-year-old student in Paris, saw in the film's plot a message about U.S. foreign policy: "With what is happening in Iraq and Afghanistan, it is quite relevant."

—Alison Tudor contributed to this article.

Online today:
See a video interview with director James Cameron. Plus, Speakeasy's Christopher Farley discuss the film's success, at WSJ.com/Video.

Associated Press

Japanese fans surround 'Avatar' actress Sigourney Weaver at a Tokyo Film Festival screening in October.

Overseas action

Top international markets for 'Avatar'

	Total box-office to date, in millions (0, 20, 40, 60, $80)	December release date:
France		16
Germany		17
Russia		17
U.K.		18
Spain		18
South Korea		17
Australia		17
Japan		23
Mexico		17
Brazil		18

Source: Twentieth Century Fox

Lilly taps contractors to revive its pipeline

By Jonathan D. Rockoff

Eli Lilly & Co., like many other pharmaceutical companies, is seeking to make its drug-development efforts more productive as it copes with thin new-product pipelines. Its approach: hiring outside contractors to run tests on its drug candidates.

Pharmaceutical companies have traditionally kept a tight lid on drugs under development, conducting key work in-house. But early this year, the Indianapolis drug maker will decide whether to move a promising molecule to treat rheumatoid arthritis into late-stage testing, based on mid-stage data developed by scientists outside of its own research team. If the drug wins regulatory approval, it will compete in a $16 billion annual market.

By outsourcing human tests of a potentially important drug, Lilly is among a crowd of pharmaceutical giants adopting out-of-the-box strategies to revive fallow research-and-development organizations.

Lilly is counting on a network of outside contractors to help develop not only the arthritis remedy but several other drugs it hopes start hitting the shelves as early as 2013.

An R&D unit the company calls Chorus takes control of compounds discovered in company labs, such as the rheumatoid arthritis molecule.

Then Chorus designs a proof-of-concept study to assess whether the agent would work. But it partners with a contract research organization outside the company to run the study and collect the data.

"Trying to do everything yourself won't work. The odds of owning everything and being at the right place at the right time are not high," said Peter Johnson, Lilly's vice president of corporate strategic planning.

Not long ago, a big company wouldn't have considered farming out the development of a compound found in-house. But expiring patents on top-selling drugs and high-profile failures in finding their replacements have pushed the biggest drug makers to "externalize" much of their R&D, said Peter Tollman, who advises drug makers at Boston Consulting Group.

GlaxoSmithKline PLC, for example, is leaving control of most early-stage drug development in the hands of biotech partners, jettisoning its past practice of having the drug giant's labs take it over. **Sanofi-Aventis** SA is adopting a similar strategy even with companies it acquires.

At Lilly, the Chorus strategy is to bring outside research expertise in to help with the products of its own labs and, eventually, those of biotechnology companies. In particular, Lilly is relying on outside firms called contract research organizations to do the work. Company researchers, Mr. Tollman said, can get too attached to their compounds to know when to let them go.

CROs have been around a quarter century. Drug makers have used them to perform work more quickly and cheaply, and without having to pay for scientists and laboratories when they don't need them.

Today, there are more than 1,000 CROs with greater than $20 billion in yearly revenue, according to the Association of Clinical Research Organizations, a trade group. Their staffs are largely composed of former drug-industry researchers. Yet their work for pharmaceutical companies has been largely piecemeal, such as safety testing in animals or monitoring the conduct of drug trials on humans.

Chorus makes the CROs more integral members of Lilly's team. "It gives us the opportunity to do what we do best, and let them do what they do best," said Peter Sausen, a former Lilly official who is now global vice president of nonclinical integrated drug development at **Covance** Inc., which has overseen testing of several Chorus molecules.

Covance is among the largest of the CROs, along with **Quintiles Transnational** Corp., **Parexel International** Corp. and **PPD** Inc.

In particular, Lilly wants the CROs to help reduce development costs by identifying more quickly the molecules that won't work.

An agent intended to treat alcohol dependence recently failed to show benefit in a Chorus evaluation, but Lilly executives weren't disappointed with the result. That's because it cost under $8 million, less than half of what such work normally costs a big drug maker, and the decision to reject the drug came a year earlier than average.

Lilly "can run a much larger portfolio" with fewer people than if it did all the work internally, said Robert Armstrong, Lilly's vice president of global external R& D, who oversees Chorus.

With more efficient early-to-mid-stage research, Lilly hopes to reduce the chance that compounds will fail in late-stage clinical trials.

Skeptics say such results may cut R&D costs, but don't address big pharma's main problem of finding new therapies that pan out. "You get more negative results faster and cheaper," said James Niedel, a former GlaxoSmithKline executive who is now a partner at **New Leaf Venture Partners** fund. "But the problem with the industry is they're not getting enough positive results and that depends on knowledge and insight about biology and disease" that might be lacking among CROs.

For that expertise, pharmaceutical companies have been partnering with rivals to develop certain drugs. For example, rivals Pfizer Inc. and Glaxo have combined their HIV-drug businesses into a single company, partly to find new treatments. AstraZeneca PLC is collaborating with Merck & Co. on the development of a cancer therapy, and with Bristol-Myers Squibb Co. on two diabetes drugs, one already on the market.

Some analysts say Chorus won't help Lilly soon enough. Drugs accounting for more than half of Lilly's current revenue will face generic competition by 2013, as U.S. patents on top-selling treatments expire. The company recently halted work on late-stage compounds for multiple sclerosis and osteoporosis that were developed in-house.

"Neither the cost cuts nor the structural changes help R&D productivity," said Keyur Parekh, a UBS analyst who thinks Lilly might need to make acquisitions to replenish its pipeline. Lilly bought **ImClone Systems** for $6.5 billion in 2008, and Chief Executive John Lechleiter has said he's hunting for more deals.

But Lilly is also betting Chorus will improve its prospects. In fact, executives plan to tout its work at the J.P. Morgan Annual Healthcare Conference next week in a bid to raise venture capital funding so that Lilly can study more molecules.

So far, five of the 25 molecules studied since Chorus began in 2004 have shown enough promise to merit further study. The first one likely to go to late-stage development: the experimental treatment for rheumatoid arthritis.

Taiwan curbs fund inflows

Central bank move aims to stem local currency's appreciation against U.S. dollar

By Alex Pevzner

TAIPEI—Taiwan moved to curb speculative inflows of capital by issuing instructions on how long banks should hold foreign currencies on behalf of clients.

Taiwan's central bank told local banks to settle foreign-exchange trades on a daily basis, rather than allowing clients to accumulate large amounts of foreign exchange and sell it all at once, potentially leading to big swings in the currency. The central bank is also trying to discourage foreign investors from buying New Taiwanese dollars in accounts designated for stock investment and then leaving the money there unallocated in order to take advantage of Taiwan's currency appreciation.

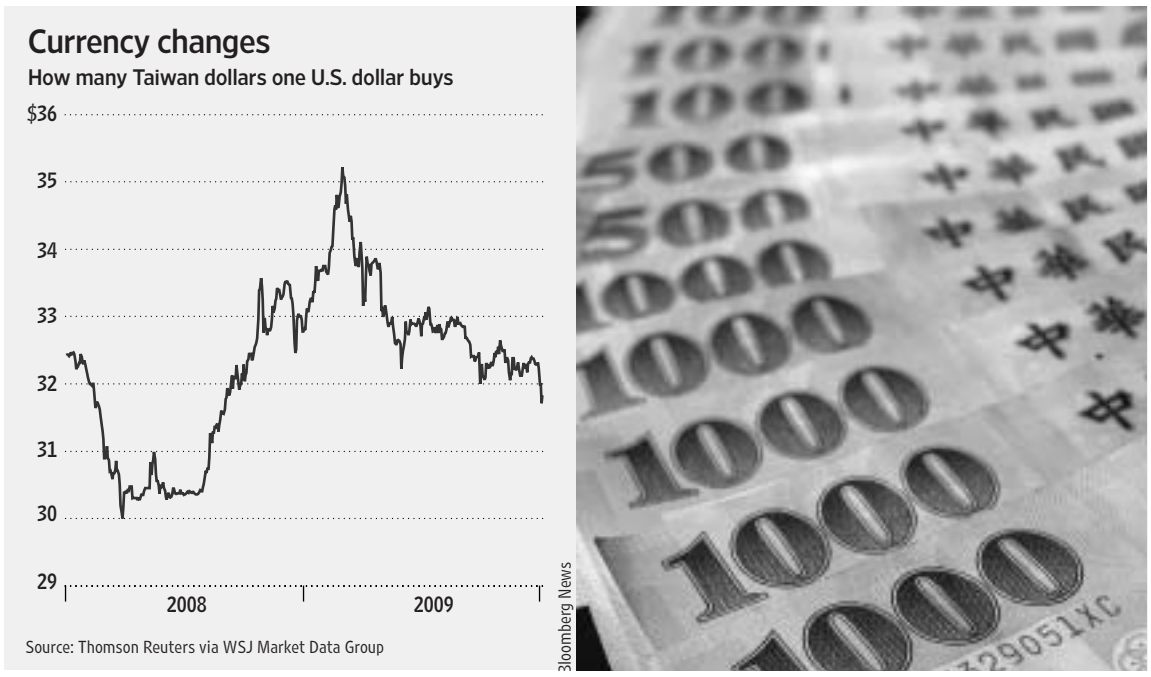
The move comes as economies across Asia watch their currencies rise against the U.S. dollar, making their exports less competitive on the world market. At the same time, China has kept its currency pegged to the U.S. dollar, allowing its exporters to sell goods more cheaply in dollar terms.

Officials say more money has flowed into Taiwan recently than has gone into the stock market, leading them to believe investors are simply playing a rising currency.

The Taiwanese currency hit an almost 16-month high of 31.86 New Taiwan dollars to the U.S. dollar Tuesday, after gaining 2.6% against the U.S. dollar over 2009. Late Monday in New York, the U.S. dollar was at NT$31.716.

"We hope that whenever a bank gets foreign exchange from clients, they will sell on the same day," Spencer Lin, head of the central bank's foreign-exchange department, said Tuesday.

Other countries are also feeling the impact of a falling U.S. dollar, which has declined this week after rising late last year. The South Korean won rose to its highest level in more than 15 months Tuesday in Asia, despite suspected intervention by the central bank to cap its rise.



Officials say more money has flowed into Taiwan recently than has gone into the stock market.

The won rose 1.3%, the biggest single-day rise in domestic trading since its 1.7% jump on July 14, 2009. Tuesday morning in New York, the dollar was at 1,136.5 won, compared with 1,149.95 won late Monday.

The won's gains since early in the Korean day likely prompted the Bank of Korea to intervene in the market throughout the trading session, several Seoul traders said.

In Taiwan, the central bank met with representatives from local and foreign banks authorized to deal in foreign exchange to discuss ways to improve risk controls.

Mr. Lin's comments came after the central bank said Monday that fund inflows Thursday and Monday exceeded the value of stock purchases by foreign investors. The central bank said it has informed the relevant regulators about foreign investors that haven't used the New Taiwan dollars that they have pledged to invest in securities. Taiwan's markets were closed for the New Year's Day holiday Friday.

Mr. Lin said foreign-fund inflows eased Tuesday, but he declined to provide figures.

Mr. Lin also reiterated the central bank's stance that foreign investors who were allowed to remit money to the island for buying securities must invest the funds, ideally within a week, and not park money in New Taiwan dollar accounts.

"If they park money in New Taiwan dollar accounts and don't buy stocks, that's not right, and it will also lead to questioning if they do it for other purposes," Mr. Lin said.

In another move to curb money inflows, Taiwan's Financial Supervisory Commission said in November that it would heed the central bank's recommendation to indefinitely ban foreign investors from parking funds in time deposits.

—Min-Jeong Lee contributed to this article.

Russia invites bond pitches from banks

By Duncan Kerr

The Russian Ministry of Finance has invited roughly 20 investment banks to make pitches for the "golden" mandate to lead Russia's first international bond sale for more than a decade.

The request for proposals was sent out last month by the Ministry of Finance. A decision on which banks will pilot the issue is expected as early as this month, according to senior debt bankers.

Russia's long awaited return to the international bond market comes after more than 10 years of exile after the government defaulted on its domestic debt in 1998. The mandate to lead the issue has been described by bankers as "golden" given the rarity of the sale and the importance of helping a rehabilitated Russia re-access foreign funds.

The banks leading the competition to lead the sale, according to bankers, are **Goldman Sachs Group** Inc., **Deutsche Bank** AG, **Barclays** PLC's Barclays Capital, **Credit Suisse Group** and **J.P. Morgan Chase** & Co. **Citigroup** Inc. and **UBS** AG are also possible contenders, as is Russia's **VTB Capital**.

Each bank either declined to comment or wasn't available for comment. The Russian Ministry of Finance didn't respond to telephone calls or emailed requests for comment.

Most of these international investment banks have well established emerging-market bond franchises and deep ties with the Russian government, bankers said. The fact that VTB is state-owned means it, too, could have an important role to play in any transaction, bankers said.

Goldman Sachs's potential involvement in a sale would be noteworthy. It arranged the Russian government's last eurobond issue some months before the country defaulted on its domestic debt in 1998.

Russia has set out plans to issue eurobonds valued at as much as $17.8 billion (€12.34 billion) to help finance the state's first budget deficit in almost a decade. However, fixed-income analysts at Russian investment bank Troika expect only $5 billion to $7 billion to be sold.

Troika expects Russia to sell as much as $5 billion of eurobonds with maturities of 10 to 15 years this quarter. Any sale after that would have a similarly long maturity, the bank expects.

Judge won't revisit sentence for UBS informant

By Brent Kendall

WASHINGTON—A federal judge on Monday refused to reconsider or postpone the 40-month prison sentence given to a former **UBS** AG banker who helped U.S. tax authorities build their ground-breaking case against the Swiss bank.

In a one-page order, U.S. District Court Judge William Zloch in Ft. Lauderdale, Fla., rejected a leniency motion filed by former UBS private banker Bradley Birkenfeld, who is scheduled to report to jail by Friday.

Prosecutors have conceded that they had no case against UBS without Mr. Birkenfeld, who was sentenced in August for helping UBS clients evade U.S. taxes. He pleaded guilty in 2008.

Mr. Birkenfeld filed a legal motion on Dec. 26 that sought to delay or reduce his prison term. He said he was "ready, willing and able" to assist the government in prosecuting additional U.S. clients of UBS. Mr. Birkenfeld also disputed prosecutors' statements that he wasn't fully forthcoming while cooperating with the U.S. government's investigation of UBS's offshore banking practices.

UBS agreed last February to pay $780 million as part of a deal to avoid criminal prosecution for helping wealthy Americans evade taxes. And in August, the bank agreed to reveal the identities of approximately 4,450 of its U.S. clients who are suspected of hiding offshore accounts.

Prosecutors said they sought jail time for Mr. Birkenfeld because he wasn't forthcoming about his own role in the scheme.

Among other things, Mr. Birkenfeld didn't provide information on his biggest client, California billionaire Igor Olenicoff, who pleaded guilty in 2007 to filing a false tax return, they said.

Bond issuance topped lending by banks in '09

By Carol Dean

LONDON—For the first time on record, global corporate investment-grade bond issuance surpassed investment-grade corporate lending in 2009, according to figures compiled by data provider Dealogic.

Global lending to investment-grade corporates, excluding financial companies, totaled $1.2 trillion in 2009, compared with global corporate investment-grade bond issuance of $1.4 trillion.

Furthermore, total global syndicated-loan volume was $1.8 trillion in 2009, representing a 39% drop from 2008 and the lowest annual volume since 2002.

The increase in bond issues was due in part to balance-sheet constraints at banks following the financial crisis in 2008, which limited their ability to lend. In addition, bonds appeared to offer, in some cases, more competitive pricing than loans.

The average maturity of loan facilities was four years in 2009, a substantial drop from five years in 2008, marking the lowest average on record.

Refinancings reached $568.1 billion in 2009, accounting for 31% of all loan volume, up from 18% in 2008. As companies looked to secure funding, forward-start facilities reached $76.8 billion in 2009. However, companies arranging forward starts fell in the fourth quarter of 2009, with the final quarter accounting for just 14% of the annual total.

Global syndicated-loan volume dropped 39% in 2009 to the lowest level since 2002.

A forward-start agreement is a loan between a borrower and its lenders that allows the borrower the option to draw down on a new loan facility when an existing loan expires.

During 2009, many European companies used cash raised in bond markets to refinance their bank debts.

And while loan markets have since made some tentative steps toward recovery, the damage inflicted by the financial crisis is still placing considerable constraints on bank lending, which bodes well for Europe's corporate-bond markets.

The boom in bonds is set to continue this year as companies seeking to refinance their debts capitalize on demand for credit from investors.

Syndicated lending in the Europe, Middle East and Africa region reached $597.2 billion, a 46% fall compared with 2008.

Russian companies experienced the biggest drop in syndicated lending, with a fall of 73% to $17.5 billion in 2009. However, fourth-quarter volume picked up to reach $10.2 billion as sentiment toward emerging markets improved.

Global syndicated-loan revenue for banks was $4.6 billion in 2009, down 54% from 2008. Loans accounted for just 8% of total investment-banking revenue, the lowest proportion on record.

Agence France-Presse/Getty Images (2); Bloomberg News (center)

Since 2004, Spain's Banco Santander has dived into the U.K., buying three banks—Bradford & Bingley, Abbey National and Alliance & Leicester—and leaving their names. Now Santander is phasing them out.

Santander takes its name to Britain

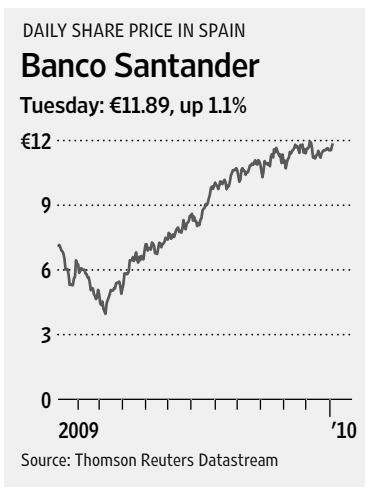
U.K. market stands in upheaval after the crisis shakeout, and the Spanish banking titan looks to build its brand

By Patricia Kowsmann

LONDON—With Spanish bank **Banco Santander** SA set to hoist its nameplate at Abbey National and Alliance & Leicester branches early next week, the U.K. banking system is bracing for a major reshuffling in 2010.

Santander, which emerged from the financial crisis much stronger than many of its peers, entered the U.K. market when it bought Abbey in 2004. It scooped up Alliance & Leicester and Bradford & Bingley at fire-sale prices in 2008 as many British banks fought for survival and some had to be bailed out by the government.

Abbey and Bradford & Bingley are set to shift to the Santander brand on Jan. 11, while Alliance & Leicester will see its name go in the fourth quarter. Once that happens, customers from the three banks will be able to use a total of 1,300 Santander branches around the country. So far, the Spanish bank hasn't had branches in the U.K. under the Santander name.



The disappearance of the three home-grown brands from U.K. towns and cities comes as the European Commission is forcing **Royal Bank of Scotland Group** PLC and **Lloyds Banking Group** PLC—in which the state now owns stakes of 84% and 43%, respectively—to sell assets, including branches around the U.K. At the same time, the government is also looking for buyers for nationalized lender **Northern Rock** PLC.

Like their U.S. peers, U.K. banks grew fast for much of the last decade by offering easy credit, particularly to homeowners, as property values kept rising. In 2007, however, that changed. Borrowers defaulted on loan payments as home values fell. Stuck with big unpaid loan portfolios and securities linked to the souring property market, banks struggled to make money.

Many in the U.K. collapsed.

Now, the reorganization of the U.K. banking sector is moving into a second round. Santander, together with some local and international rivals, is pushing to gain market share. The bank, Europe's second biggest by market value behind **HSBC Holdings** PLC, is also looking at banking businesses being put up for sale, according to a person familiar with the matter.

National Australia Bank Ltd., which already owns Clydesdale Bank and Yorkshire Bank, has been approached by parties including private-equity firms about a tie-up to buy businesses being sold by RBS, Lloyds and Northern Rock, according to a person familiar with the situation.

These more-established players are competing with new market entrants, such as Virgin Money, part of Richard Branson's **Virgin Group**. The company is close to receiving a U.K. banking license, and when it does, Virgin Money is expected to make a "small acquisition" to kick-start its plans to become a full bank, a person familiar with the situation said.

"The expectation is that the banking license will come out this month, and a small acquisition could be announced immediately after that," the person added.

Another group reportedly waiting for a U.K. banking license is **Metro Bank**, a start-up backed by U.S. entrepreneur Vernon Hill, who founded Commerce Bank (now owned by TD Bank).

Analysts, however, expect established banks such as Santander to be the biggest winners in the U.K. reshuffling. Because the government is keen to see new players in the market, banks based in the country, including **Barclays** PLC, HSBC and **Standard Chartered** PLC, likely won't be allowed to bid for assets put up for sale.

That leaves foreign players with deep pockets in a good position to win the operations. Santander has also been trying to expand organically, and it is set to launch a no-fees checking-account offer next week to attract new customers.

The account, called the Santander Zero Current Account, won't charge for overdraft use or access to foreign automated-teller machines. It will be available only to customers who take out a mortgage with Santander.

U.S. will increase oversight of paid tax preparers

By Martin Vaughan And Mary Pilon

WASHINGTON—The U.S. Internal Revenue Service said it intends to regulate the legions of American tax-preparation companies, the first time the agency has sought to oversee these businesses. The move could affect how tax returns are prepared for tens of millions of people.

Under the new rules, employees of chain tax-preparation firms including **H&R Block** Inc. and **Jackson Hewitt Tax Service** Inc. will be required to pay a registration fee to the IRS, pass a "competency" exam and have 15 hours of education a year. Previously these employees weren't required to meet federal standards.

The requirements also will apply to hundreds of thousands of independent preparers and mom-and-pop storefronts that offer tax preparation as one of several services. About 60% of U.S. taxpayers use tax preparers, according to the IRS. That number includes certified public accountants, or CPAs, who are already subject to professional standards and aren't covered by the new rules.

For consumers, the new standards have the potential to raise tax-preparation fees, if tax preparers incur new costs to follow the regulations.

The plan will take several years to implement and won't be in effect when taxpayers prepare their 2009 taxes for this April, the IRS said. But starting in 2011, all paid tax preparers will have to register with the IRS and include a unique identification number on any returns they prepare. Preparers will be given three years to pass a competency exam in either individual or small-business taxation.

"This is something that is long overdue," IRS Commissioner Doug Shulman said Monday. Until now, there have been "no national, professional standards for one of the largest financial transactions individuals have each year," he said.

The IRS's move comes as Washington has looked to toughen regulatory oversight across the board, particularly in financial markets. Congress has toughened rules applying to credit-card firms. The White House is pushing an overhaul of financial regulation that would cover previously untouched or lightly regulated areas, like derivatives and hedge funds.

Some of the nation's largest tax preparers either welcomed or pushed for the new rules, seeing an advantage in regulations that could weed out some of their smallest competitors.

"We welcome the spotlight," said Kathryn Fulton, senior vice president for government relations at H&R Block, which said its business will be helped by forcing competitors to meet standards the firm already follows. "We think this should apply across the board," she said.

The testing and education requirements will apply to the preparer who actually signs the returns—a potential loophole that could allow chains such as H&R Block to avoid meeting requirements for preparers who work under a supervisor.

Intuit Inc., the maker of TurboTax, was among those lobbying for stricter oversight. Last year, 21 million tax returns were filed with the software, according to Julie Miller, an Intuit spokeswoman. Intuit staffs its hotlines primarily with CPAs and enrolled agents, workers who aren't accountants but who are tested and certified by the IRS.

Tax-preparation software isn't covered by the plan unveiled Monday, but the IRS could move to set federal standards in this area.

Mr. Shulman said the IRS will form a task force to examine the software industry's record on issues from accuracy to taxpayer-data security.

Like CPAs, volunteer tax preparers, such as those that help low-income taxpayers at free clinics, won't be subject to testing or education requirements.

The regulations are primarily aimed at smaller firms, often branding themselves as generic "tax preparers" or "tax consultants." Government auditors, in undercover visits to firms, found high levels of inaccuracies and distortions on returns.

In 2006, the Better Business Bureau received 1,473 complaints against tax preparers, which ranked them 120 out of about 3,800 industry categories. In 2008, the number of tax-preparation complaints jumped to 2,276, ranking the industry 80th. Often, the complaints concerned errors that caused consumers to pay fees to resolve the problem.

"We want to make this into a profession, not just a part-time thing you set up on the kitchen table for six weeks during the tax season," said Frank Degen, an enrolled agent based in Setauket, N.Y. Enrolled agents have also been pushing for higher standards. "The good people have nothing to fear; it's the charlatans that hopefully will be rousted out."

The IRS's Mr. Shulman said the agency will develop a public database through which consumers will be able to determine whether preparers have registered and passed the exam. The IRS said it also will explore whether to try to combat the growing use of refund-anticipation loans, in which firms offer upfront cash to customers expected to receive an IRS refund.

MARKETS

Zoom-in, zoom-out bankruptcies

'Prepackaged' plans and '363 sales' rewrite reorganization playbook; stronger markets could delay deals

By Mike Spector

For executives at lender **CIT Group** Inc., filing for bankruptcy seemed like a death sentence. No financial firm had ever survived a Chapter 11 process.

But after cajoling from advisers, CIT filed a "prepackaged" bankruptcy-restructuring plan supported by an overwhelming number of its bondholders. The company entered court Nov. 1 and sped through Chapter 11 in just 40 days, emerging Dec. 10 after eliminating $10.5 billion in debt.

CIT's case capped a year that rewrote the U.S. playbook on long-established bankruptcy practices, as cases moved through court in record times. Unlike traditional bankruptcy filings, which can plod on for years as companies develop reorganization plans to be put before creditors, the recent restructurings have aimed to get lenders' consent ahead of time or bypass creditor scrutiny altogether.

These methods have been around for years. But their prevalence last year was all but unprecedented. In 2009, the number of prearranged bankruptcies, in which many creditors approve a reorganization plan ahead of a filing, tripled to 30 among publicly traded companies compared with the year before, according to BankruptcyData.com. In other cases, most notably the U.S. government-brokered restructurings of Detroit auto makers **General Motors** Corp. and Chrysler LLC, companies quickly sold assets out of bankruptcy to restart businesses with new owners. The deals are called "363 sales," named after the relevant part of the bankruptcy code.

Not all bankruptcies have shunned the traditional process. Some in the field worry that the speedy bankruptcies have amounted to short-term fixes of balance sheets without addressing core operational issues. Longer, traditional bankruptcy processes can afford more time to address a company's competitive disadvantages or move it toward liquidation if deemed appropriate. Many wonder whether companies such as **Chrysler Group** LLC, as the company now is called, will survive. Steven Rattner, who headed President Barack Obama's auto task force, recently wrote that the decision to save Chrysler was a close call.

Yet with 2009 as a precedent, these quicker restructurings are poised to become the preferred method to fix debt-laden companies.

The strategies are "being used more creatively and more expansively to accomplish restructurings faster than ever before," said Richard Levin, a lawyer at Cravath, Swaine & Moore LLP who helped write the modern bankruptcy code in 1978.

A "prearranged" plan secures most creditor support before a bankruptcy filing. Bankruptcy professionals call these plans "prepackaged"—like the one used by CIT—if enough creditors support the deal ahead of time to meet the legal threshold for a court's approval. Quick 363 sales can move nearly all key assets to a new buyer in lieu of a formal reorganization plan.

Such 363 sales were used to restructure retailer **Eddie Bauer Holdings** Inc., while prearranged bankruptcy deals sped other companies from every corner of the economy through Chapter 11, including door maker **Masonite International** Corp., auto-parts maker **Lear** Corp. and **Lazy Days RV Center** Inc. The restructurings took only weeks or a few months.

In December, **Citadel Broadcasting** Corp., the third-largest radio broadcaster by revenue in the U.S., filed for bankruptcy protection in a prearranged deal with lenders and said it hopes for an "expeditious" restructuring.

The ability of companies to speed through Chapter 11 could hit roadblocks this year. Improving markets embolden junior creditors to fight for better value for their claims, which can complicate negotiations ahead of a filing or prompt litigation in bankruptcy court.

But for firms in dire financial straits, the quick, surgical bankruptcy process has become the preferred way for keeping companies alive. In the GM and Chrysler cases, creditors' complained that quick sales amounted to disguised reorganization plans that dodged requirements for creditors' scrutiny.

And many on Wall Street groaned that rules requiring that secured lenders get paid ahead of unsecured creditors were trampled. In Chrysler's case, holders of secured bank debt received 29 cents on the dollar for claims, while the United Auto Workers union, an unsecured creditor, received a 55% stake in the reorganized Chrysler.

But a congressional oversight panel found that the president's auto task force used the bankruptcy code appropriately in the auto cases. In a 363 sale, the buyer—in these cases the Treasury—can decide what it wants and how to treat stakeholders in a newly formed company. While the government's decisions favored certain creditors, the moves weren't part of an official reorganization plan requiring a fixed pecking order and voting by creditors. Judges, meanwhile, ruled that the sales of GM and Chrysler complied with bankruptcy law.

Matthew Feldman, the auto task force's bankruptcy lawyer, recalled officials were enamored with the 363-sale strategy because it could allow the auto makers to shed more liabilities and get through Chapter 11 fast with fewer legal challenges.

Still, quick restructurings worry some bankruptcy professionals.

"Because they're not taking the time to fix these companies and just reshuffling the deck in the capital structure, you're j0ust poised to see these things back in bankruptcy," said William Snyder, a managing partner at CRG Partners who worked on the restructuring of Texas chicken company **Pilgrim's Pride** Corp.

The debate over quick restructurings has prompted legal scholars to explore overhauls to the bankruptcy code. While quick bankruptcy sales are enshrined in law, they have evolved over the years from sales of certain assets to full-blown transfers of companies to new owners. Some have debated whether to create parts of the bankruptcy code to govern quick restructurings of firms deemed too big to fail.

"Traditional reorganizations under Chapter 11 are in many ways a vestige of a bygone era," said Richard Chesley, a restructuring lawyer at Paul, Hastings, Janofsky & Walker LLP.

The head of Obama's auto task force said the decision to save Chrysler was a close call.

Some complained that the quick sales of GM and Chrysler were disguised reoganization plans.

EPA; Associated Press; Getty Images

A 'prepackaged' bankruptcy-restructuring plan sped CIT through in 40 days.

Bankruptcy at warp speed

Typical bankruptcy reorganizations can take at least a year and as long as three or four years. But as companies teetered on collapse last year in the wake of the financial crisis, many used quicker trips through Chapter 11 bankruptcy protection to fix their businesses. Among last year's speedy restructurings:

	FILED	EXITED	DAYS
CIT Group	Nov. 1	Dec. 10	40
General Motors*	June 1	July 10	40
Chrysler*	April 30	June 10	42
Lazy Days RV Center	Nov. 5	Dec. 22	47

*GM and Chrysler restructurings accomplished through asset sales. Undesired GM and Chrysler assets remain under Chapter 11 bankruptcy protection.

Source: WSJ research

YRC's near-death experience, thanks to Wall Street

[The Game]

By Dennis K. Berman

In the battle between the truckers and the hedge funds, the truckers won. The fact that **YRC Worldwide** almost went bust because of credit-default swaps shows how little has changed on Wall Street.

The struggle for survival at YRC, trucking company best known for its Yellow- and Roadway-branded big rigs, attracted scant media attention in the waning days of 2009.

YRC did survive, but only after the last-minute intervention of the Teamsters union, which threatened to protest at the office of one Park Avenue hedge fund.

The fight revolved around credit-default swaps, the Wall Street invention that allows investors to profit when a company goes bust. Made famous for bringing down **American International Group**, credit-default swaps act like insurance policies on debt, and may make a company worth more dead than alive, at least to some investors.

Fifteen months since Wall Street's brush with Armageddon, the tale of YRC is a reminder of the perils still embedded in our financial system. There are plenty of legitimate uses for CDS. But with little transparency or oversight over credit-default swaps, traders can exploit a kink in the system, holding insurance on a company that is more valuable than underlying bonds or bank debt.

Certain fund managers "were trying to destroy YRC on purpose," says Mike Green, CEO of **Tenex Capital**, which advised YRC on its restructuring. "It's fundamentally improper that people can force an insurer to pay a policy when the person insured has the right to destroy his property."

YRC got into trouble after overpriced acquisitions were laid bare by the recession of 2008. In December, the company launched a plan to exchange about 90% of its equity in exchange for bondholder's forgiving about $536.8 million of debt.

Like most debt-for-equity swaps, the deal went through arduous negotiations, both sides jockeying for better terms. As December dragged on, the company was receiving substantial support for the tender—but not enough to complete the tender offer.

Here is where YRC began to suspect that certain funds were holding out their consent, largely because they had CDS positions that were more valuable, says Mr. Green. In all, YRC and its advisers couldn't persuade—or even locate—owners of about $40 million to $50 million in notes to tender their holdings.

Their resistance was especially perplexing, said Mr. Green, because the company reckoned that bondholders would likely receive nothing in a bankruptcy filing.

As YRC saw it, a tiny group of holders held the fate of a company with 55,000 employees and annual revenue of about $9 billion in its hands.

One problem was the opacity of the holders' positions, said William D. Zollars, YRC's chief executive. "It's really difficult to tell who has CDS and how much they have. You can never be certain."

As the representative of 35,000 YRC employees, the Teamsters stepped in. The Teamsters targeted a handful of bondholders, singling out the likes of New York hedge fund **Brigade Capital**. It planned a protest for Dec. 30 on Park Avenue.

At the same time, the union secured the help of Pennsylvania state Treasurer Rob McCord, whose pension fund is an investor in Brigade. It is unclear how exactly Mr. McCord intervened. In a statement, he said "it was a great to have a chance to help."

Brigade executive Don Morgan told Bloomberg on Dec. 29 he held no YRC bonds. He didn't respond to a request to comment.

By Dec. 31, YRC had enough bondholder support to complete its restructuring.

Still, the taint of the CDS issue remains hanging over future reorganizations.

Leave it to Teamsters President James Hoffa to remind what is at stake as Congress reshapes financial regulation in 2010: "There's still a divide between Wall Street and Main Street. We're out there fighting for our lives and Wall Street is doing very, very well."

Treasury prices gain on weak housing data

By Min Zeng

NEW YORK—The Treasury market rallied late-morning Tuesday as the recent rise in yields enticed new buyers, while a weak pending-home-sales report spurred demand for low-risk government debt.

U.S. CREDIT MARKETS

The National Association of Realtors' index for pending sales of previously owned homes plunged 16% to 96.0 in November from an upwardly revised 114.3 in October, the industry group said Tuesday. The decline was the first in 10 months and more than triple that expected by analysts surveyed by Dow Jones Newswires.

The housing data overshadowed a better-than-forecast report on factory orders. U.S. factory orders climbed 1.1%, to a seasonally adjusted $365.3 billion in November, the Commerce Department said Tuesday. Wall Street had projected a 0.5% gain.

In late-morning trade, the two-year Treasury note was 3/32 higher at 99 30/32 to yield 1.032%, while the 10-year note was up 15/32 at 96 22/32, with a yield of 3.780%. Bond prices move inversely to their yields.

The Treasury market also got a boost from a report by Market News International, which suggested that the Federal Reserve may still leave the door open for more buying in mortgage-backed securities after the $1.25 trillion MBS purchases program runs out in March.

Och-Ziff's funds surge

By Joseph Checkler

NEW YORK—All four of **Och-Ziff Capital Management** LLC's hedge funds rose in December and for the year, and the company's flagship **OZ Master Fund** rose 1.1% for the month to end 2009 up 23%, according to a regulatory filing.

Assets under management increased $700 million in December to $23.5 billion, according to the Securities and Exchange Commission filing. That is up 6.3% from Jan. 1, 2009, when assets stood at $22.1 billion.

Earlier in 2009, assets shrunk as investor redemptions more than offset increases via investment performance. But the firm has boosted assets every month since July.

Among Och-Ziff's other funds, one dedicated to Europe was up 0.3% for the month and 16.3% for 2009. Och-Ziff's **Asia Master Fund** was up 1.6%, and was up 33.6% in 2009. The company's **Global Special Investments Master Fund** was up nearly 1% for the month, and 8.3% for the year.

Dollar drops below 92 yen

By Fabio Alves

NEW YORK—The dollar fell to a nearly two-week low against the yen on Tuesday as investors booked profits for a second day following the greenback's December rally.

A decline in Treasury yields made it less attractive for Japanese investors to buy the greenback.

At midday Tuesday, the dollar was at 91.55 yen from 92.58 yen late Monday, while the euro was at $1.4396 from $1.4411. The euro was at 131.79 yen, from 133.42 yen. The pound was trading at $1.6036, compared with $1.6101. The dollar was at 1.0329 Swiss francs, from 1.0299 francs.

CURRENCY MARKETS

For most of 2009, the dollar weakened against the yen, hitting a 14-year low of 84.82 yen in late November, as near-zero interest rates in the U.S. prompted investors to borrow cheap dollars to fund purchases of higher-yielding currencies, a role played by the yen in the past.

In December, U.S. Treasury yields rose sharply in response to much stronger economic data and concerns about the sustainability of the U.S. deficit, making the dollar more appealing. This week, however, yields on the two-year U.S. Treasury note have fallen once more.

"We had a big move-up in [U.S. Treasury] yields in December, and that prompted the selling of the yen, but in the first two trading days of 2010 we've had a partial reversal of that move," said Derek Halpenny, European head of currency strategy at Bank of Tokyo-Mitsubishi UFJ in London. "When you have days when global yields are falling, that makes it less likely that Japanese households and institutional investors will place money abroad."

Jane Foley, a research director at Forex.com in London, said the correction in the dollar resulted from "the market thinking that maybe we've come too fast, too soon."

The main driver for currency markets in the near term will be the U.S.'s nonfarm payroll numbers for December, set to be released on Friday, traders said.

Investors will also watch for the release of minutes from the Federal Reserve's policy-making committee's most recent meeting. The minutes are to be released on Wednesday.

FUND SCORECARD

Europe Small-Cap Equity

Funds that invest primarily in the equities of small-cap European companies. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending January 05, 2010

Leading 10 Performers

FUND RATING*	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US** YTD	1-YR	2-YR	5-YR
NS	**Montanaro European Smaller Co**	Montanaro Investment Mngrs	GBP	United Kingdom	**2.69**	141.04	10.82	NS
2	**Henderson Horizon Pan Eurp Smlr Coms A2**	Henderson Global Investors Ltd.	EUR	Luxembrg	**1.68**	105.36	-14.81	6.53
5	**Bestinver Internacional FI**	Bestinver Gestión	EUR	Spain	**77.37**	77.37	-3.44	9.14
3	**Vontobel Europ Mid Sm Cap Eq A**	Vontobel Management S.A.	EUR	Luxembrg	**2.46**	75.90	-13.14	8.22
3	**UBS (Lux) ES Small Caps Europe EUR P Acc**	UBS (Lux) Equity Sicav	EUR	Luxembrg	**2.83**	74.55	-12.89	7.72
3	**Amonis Eq Europe Small Cap**	Amonis	EUR	Belgium	**72.54**	72.54	-11.68	6.44
4	**Gartmore SICAV Pan Euro Sm Comp A**	Gartmore SICAV	EUR	Luxembrg	**1.75**	72.35	-7.28	8.05
5	**Squad Capital Growth**	Axxion S. A.	EUR	Luxembrg	**0.64**	72.17	-5.19	NS
4	**BPER Intl SICAV European Equities SC**	BPER International Sicav	EUR	Luxembrg	**2.89**	70.57	-12.53	8.56
3	**ING Europe Small Caps**	ING Investment Management Europe	EUR	Nethrlnds	**0.96**	68.66	-17.00	6.24

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
1 Oliver's Yard, 55-71 City Road
London EC1Y 1HQ United Kingdom
www.morningstar.co.uk; **Email**: mediaservice@morningstar.com
Phone: +44 (0)203 107 0038; **Fax**: +44 (0)203 107 0001

Advertisement | INTERNATIONAL INVESTMENT FUNDS [Search by company, category or country at asia.WSJ.com/funds]

MORNINGSTAR®

Data as shown is for information purposes only. No offer is being made by Morningstar, Ltd. or this publication. Funds shown aren't registered with the U.S. Securities and Exchange Commission and aren't available for sale to United States citizens and/or residents except as noted. Prices are in local currencies. All performance figures are calculated using the most recent prices available.

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW the relaxed way to invest									
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	12/31	EUR	54.63	21.2	21.2	-28.4
ALLIANCEBERNSTEIN									
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	01/04	USD	10.57	1.9	24.9	-12.8
Am Eq Blend B	US	EQ	LUX	01/04	USD	9.93	1.8	23.8	-13.6
Am Growth A	US	EQ	LUX	01/04	USD	31.73	1.6	34.7	-3.9
Am Growth AX	US	EQ	LUX	01/04	USD	34.25	1.6	35.5	-3.3
Am Growth B	US	EQ	LUX	01/04	USD	26.67	1.6	33.3	-4.8
Am Growth C	US	EQ	LUX	01/04	USD	28.70	1.6	34.0	-4.3
Am Growth I	US	EQ	LUX	01/04	USD	35.16	1.6	35.8	-3.1
Am Income A	US	BD	LUX	01/04	USD	8.44	0.1	25.7	5.3
Am Income A2	US	BD	LUX	01/04	USD	19.08	0.2	25.7	5.3
Am Income A2	OT	OT	NA	01/04	HKD	147.99	0.2	NS	NS
Am Income AT	OT	OT	NA	01/04	HKD	65.39	0.3	NS	NS
Am Income AT	US	BD	LUX	01/04	USD	8.43	0.2	25.7	5.3
Am Income B	US	BD	LUX	01/04	USD	8.44	0.1	24.7	4.4
Am Income B2	US	BD	LUX	01/04	USD	16.44	0.2	24.8	4.5
Am Income B2	OT	OT	NA	01/04	HKD	127.52	0.2	NS	NS
Am Income BT	OT	OT	NA	01/04	HKD	65.70	0.2	NS	NS
Am Income BT	US	BD	LUX	01/04	USD	8.47	0.1	24.8	4.5
Am Income C	US	BD	LUX	01/04	USD	8.44	0.1	25.1	4.7
Am Income C2	US	BD	LUX	01/04	USD	24.45	0.2	25.1	4.8
Am Income I	US	BD	LUX	01/04	USD	8.44	0.1	26.5	5.9
Am Value A	US	EQ	LUX	01/04	USD	8.68	1.8	16.4	-12.2
Am Value B	US	EQ	LUX	01/04	USD	7.98	1.7	15.0	-13.1
Am Value C	US	EQ	LUX	01/04	USD	8.68	1.8	15.7	-12.6
Am Value I	US	EQ	LUX	01/04	USD	9.34	1.7	17.2	-11.5
Emg Mkts Debt A	GL	BD	LUX	01/04	USD	15.61	0.3	44.7	7.7
Emg Mkts Debt A2	GL	BD	LUX	01/04	USD	20.19	0.4	44.9	7.8
Emg Mkts Debt AT	GL	BD	LUX	01/04	USD	15.66	0.4	44.9	7.8
Emg Mkts Debt B	GL	BD	LUX	01/04	USD	15.61	0.3	43.4	6.7
Emg Mkts Debt B2	GL	BD	LUX	01/04	USD	19.44	0.4	43.5	6.7
Emg Mkts Debt BT	GL	BD	LUX	01/04	USD	15.64	0.4	43.4	6.7
Emg Mkts Debt C	GL	BD	LUX	01/04	USD	15.61	0.3	44.1	7.2
Emg Mkts Debt C2	GL	BD	LUX	01/04	USD	19.84	0.4	44.3	7.3
Emg Mkts Debt I	GL	BD	LUX	01/04	USD	15.61	0.3	45.5	8.3
Emg Mkts Growth A	GL	EQ	LUX	01/04	USD	35.49	2.4	70.4	-11.3
Emg Mkts Growth B	GL	EQ	LUX	01/04	USD	30.08	2.4	68.8	-12.1
Emg Mkts Growth C	GL	EQ	LUX	01/04	USD	30.76	2.4	69.7	-11.7
Emg Mkts Growth I	GL	EQ	LUX	01/04	USD	39.35	2.4	71.8	-10.5
Eur Growth A	OT	OT	LUX	01/04	USD	10.32	1.8	25.2	-15.2
Eur Growth A	OT	OT	LUX	01/04	EUR	7.16	1.8	25.2	-15.2
Eur Growth B	OT	OT	LUX	01/04	EUR	6.44	1.9	24.1	-16.0
Eur Growth B	OT	OT	LUX	01/04	USD	9.28	1.9	24.1	-16.0
Eur Growth C	EU	EQ	LUX	01/04	EUR	5.42	1.7	24.6	-15.6
Eur Growth I	OT	OT	LUX	01/04	USD	11.25	1.8	26.2	-14.5
Eur Growth I	OT	OT	LUX	01/04	EUR	7.81	1.8	26.2	-14.5
Eur Income A	OT	OT	LUX	01/04	EUR	6.62	0.3	39.8	3.8
Eur Income A	OT	OT	LUX	01/04	USD	9.54	0.3	39.8	3.8
Eur Income A2	OT	OT	LUX	01/04	EUR	12.93	0.5	39.9	3.9
Eur Income A2	OT	OT	LUX	01/04	USD	18.63	0.5	39.9	3.9
Eur Income AT	EU	BD	LUX	01/04	EUR	6.61	0.5	39.9	3.8
Eur Income B	OT	OT	LUX	01/04	EUR	6.62	0.3	39.0	3.1
Eur Income B	OT	OT	LUX	01/04	USD	9.54	0.3	39.0	3.1
Eur Income B2	OT	OT	LUX	01/04	EUR	12.02	0.4	39.0	3.1
Eur Income B2	OT	OT	LUX	01/04	USD	17.32	0.4	39.0	3.1
Eur Income BT	EU	BD	LUX	01/04	EUR	6.62	0.5	39.0	3.2
Eur Income C	OT	OT	LUX	01/04	EUR	6.62	0.3	39.3	3.4
Eur Income C	OT	OT	LUX	01/04	USD	9.54	0.3	39.3	3.4
Eur Income C2	OT	OT	LUX	01/04	EUR	12.88	0.4	39.2	3.4
Eur Income C2	OT	OT	LUX	01/04	USD	18.56	0.4	39.2	3.4
Eur Income I	OT	OT	LUX	01/04	EUR	6.62	0.3	40.5	4.4
Eur Income I	OT	OT	LUX	01/04	USD	9.54	0.3	40.5	4.4
Eur Strat Value A	OT	OT	LUX	01/04	EUR	8.67	1.6	20.4	-19.3
Eur Strat Value A	OT	OT	LUX	01/04	USD	12.49	1.6	20.4	-19.3
Eur Strat Value I	OT	OT	LUX	01/04	EUR	8.88	1.6	21.5	-18.6
Eur Strat Value I	OT	OT	LUX	01/04	USD	12.80	1.6	21.5	-18.6
Eur Value A	OT	OT	LUX	01/04	EUR	9.34	1.5	24.0	-16.0
Eur Value A	OT	OT	LUX	01/04	USD	13.46	1.5	24.0	-16.0
Eur Value B	OT	OT	LUX	01/04	USD	12.38	1.5	22.7	-16.9
Eur Value B	OT	OT	LUX	01/04	EUR	8.59	1.5	22.7	-16.9
Eur Value C	OT	OT	LUX	01/04	EUR	9.03	1.6	23.5	-16.4
Eur Value C	OT	OT	LUX	01/04	USD	13.01	1.6	23.5	-16.4
Eur Value I	OT	OT	LUX	01/04	USD	15.53	1.5	24.9	-15.4
Eur Value I	OT	OT	LUX	01/04	EUR	10.78	1.5	24.9	-15.4
Gl Balanced (Euro) A	OT	OT	LUX	01/04	USD	16.72	1.1	20.2	-9.8
Gl Balanced (Euro) B	OT	OT	LUX	01/04	USD	16.28	1.2	19.1	-10.7
Gl Balanced (Euro) C	OT	OT	LUX	01/04	USD	16.59	1.1	19.9	-10.1
Gl Balanced (Euro) I	OT	OT	LUX	01/04	USD	17.02	1.1	NS	NS
Gl Balanced A	US	BA	LUX	01/04	USD	16.71	1.4	23.5	-9.3
Gl Balanced B	US	BA	LUX	01/04	USD	15.88	1.3	22.2	-10.2
Gl Balanced C	OT	OT	LUX	01/04	USD	16.46	1.4	23.2	-9.6
Gl Balanced C	OT	OT	LUX	01/04	EUR	11.42	1.4	23.2	-9.6
Gl Balanced I	US	BA	LUX	01/04	USD	17.33	1.4	24.4	-8.7
Gl Bond A	US	BD	LUX	01/04	USD	9.25	0.1	13.0	4.2
Gl Bond A2	US	BD	LUX	01/04	USD	16.04	0.2	13.1	4.2
Gl Bond A2	OT	OT	NA	01/04	HKD	124.41	0.2	13.1	4.2
Gl Bond AT	OT	OT	LUX	01/04	HKD	71.67	0.2	13.0	4.2
Gl Bond AT	US	BD	LUX	01/04	USD	9.24	0.2	13.0	4.2
Gl Bond B	US	BD	LUX	01/04	USD	9.25	0.1	11.9	3.2
Gl Bond B2	US	BD	LUX	01/04	USD	14.05	0.2	12.0	3.2
Gl Bond B2	OT	OT	NA	01/04	HKD	108.98	0.2	12.0	3.2
Gl Bond BT	OT	OT	LUX	01/04	HKD	71.98	0.2	12.0	3.2
Gl Bond BT	US	BD	LUX	01/04	USD	9.28	0.2	12.0	3.2
Gl Bond C	US	BD	LUX	01/04	USD	9.25	0.1	12.5	3.7
Gl Bond C2	US	BD	LUX	01/04	USD	13.92	0.2	12.6	3.8
Gl Bond I	US	BD	LUX	01/04	USD	9.25	0.1	13.6	4.8
Gl Conservative A	US	BA	LUX	01/04	USD	14.98	0.7	15.4	-3.7
Gl Conservative A2	US	BA	LUX	01/04	USD	17.05	0.7	16.1	-3.4
Gl Conservative B	US	BA	LUX	01/04	USD	14.97	0.7	14.5	-4.6
Gl Conservative B2	US	BA	LUX	01/04	USD	16.20	0.7	14.9	-4.4
Gl Conservative C	US	BA	LUX	01/04	USD	14.97	0.7	15.0	-4.1
Gl Conservative C2	US	BA	LUX	01/04	USD	16.68	0.7	15.5	-3.8
Gl Conservative I	US	BA	LUX	01/04	USD	15.05	0.7	16.2	-3.0
Gl Eq Blend A	GL	EQ	LUX	01/04	USD	11.91	2.1	29.3	-18.9
Gl Eq Blend B	GL	EQ	LUX	01/04	USD	11.18	2.1	28.1	-19.7
Gl Eq Blend C	GL	EQ	LUX	01/04	USD	11.70	2.1	28.7	-19.3
Gl Eq Blend I	GL	EQ	LUX	01/04	USD	12.57	2.2	30.4	-18.2
Gl Growth A	GL	EQ	LUX	01/04	USD	42.74	2.0	28.4	-20.0
Gl Growth B	GL	EQ	LUX	01/04	USD	35.67	2.0	27.1	-20.8
Gl Growth C	GL	EQ	LUX	01/04	USD	41.01	2.0	27.8	-20.4
Gl Growth I	GL	EQ	LUX	01/04	USD	47.46	2.0	29.5	-19.4
Gl High Yield A	US	BD	LUX	01/04	USD	4.35	0.5	60.8	4.8
Gl High Yield A2	US	BD	LUX	01/04	USD	9.31	0.5	61.1	4.7
Gl High Yield A2	OT	OT	NA	01/04	HKD	72.21	0.5	61.1	4.7
Gl High Yield AT	OT	OT	NA	01/04	HKD	33.43	0.7	60.9	4.7
Gl High Yield AT	US	BD	LUX	01/04	USD	4.31	0.7	60.9	4.7
Gl High Yield B	US	BD	LUX	01/04	USD	4.35	0.5	58.8	3.5
Gl High Yield B2	US	BD	LUX	01/04	USD	14.96	0.5	59.5	3.6
Gl High Yield B2	OT	OT	NA	01/04	HKD	116.04	0.5	59.5	3.6
Gl High Yield BT	OT	OT	NA	01/04	HKD	33.97	0.5	59.3	3.6
Gl High Yield BT	US	BD	LUX	01/04	USD	4.38	0.5	59.3	3.6
Gl High Yield C	US	BD	LUX	01/04	USD	4.35	0.5	59.9	4.2
Gl High Yield C2	US	BD	LUX	01/04	USD	13.80	0.6	60.3	4.2
Gl High Yield I	US	BD	LUX	01/04	USD	4.35	0.5	61.9	5.5
Gl Thematic Res. A	OT	OT	LUX	01/04	USD	15.10	2.5	69.9	-0.4
Gl Thematic Res. B	OT	OT	LUX	01/04	USD	13.20	2.4	68.2	-1.4
Gl Thematic Res. I	OT	OT	LUX	01/04	USD	16.83	2.4	71.2	0.4
Gl Value A	GL	EQ	LUX	01/04	USD	11.40	2.3	30.3	-17.8
Gl Value B	GL	EQ	LUX	01/04	USD	10.47	2.2	29.1	-18.6
Gl Value C	GL	EQ	LUX	01/04	USD	11.08	2.3	29.7	-18.2
Gl Value I	GL	EQ	LUX	01/04	USD	12.12	2.3	31.3	-17.2
Greater China A	AS	EQ	LUX	01/04	USD	40.79	1.9	51.6	-14.5
Greater China B	AS	EQ	LUX	01/04	USD	36.09	1.9	50.0	-15.4
Greater China C	AS	EQ	LUX	01/04	USD	40.27	1.9	50.8	-14.9
India Growth A	OT	OT	LUX	01/04	USD	128.22	1.0	NS	NS
India Growth AX	OT	OT	LUX	01/04	USD	112.08	1.0	94.0	-11.1
India Growth B	OT	OT	LUX	01/04	USD	134.30	1.0	NS	NS
India Growth BX	OT	OT	LUX	01/04	USD	95.79	1.0	92.1	-12.0
India Growth I	EA	EQ	LUX	01/04	USD	116.15	1.0	94.8	-10.8
Int'l Health Care A	OT	EQ	LUX	01/04	USD	138.93	1.1	16.7	-7.7
Int'l Health Care B	OT	EQ	LUX	01/04	USD	117.17	1.1	15.5	-8.6
Int'l Health Care C	OT	EQ	LUX	01/04	USD	133.14	1.1	16.1	-8.1
Int'l Health Care I	OT	EQ	LUX	01/04	USD	151.80	1.1	17.6	-7.0
Int'l Technology A	OT	EQ	LUX	01/04	USD	112.39	1.8	48.4	-8.0
Int'l Technology B	OT	EQ	LUX	01/04	USD	97.38	1.8	46.9	-8.9
Int'l Technology C	OT	EQ	LUX	01/04	USD	108.61	1.8	47.7	-8.4
Int'l Technology I	OT	EQ	LUX	01/04	USD	126.03	1.9	49.6	-7.3
Japan Eq Blend A	JP	EQ	LUX	01/04	JPY	6080.00	0.9	10.7	-19.9
Japan Eq Blend B	JP	EQ	LUX	01/04	JPY	5866.00	0.9	9.6	-20.7
Japan Eq Blend C	JP	EQ	LUX	01/04	JPY	5982.00	0.9	10.2	-20.2
Japan Growth A	JP	EQ	LUX	01/04	JPY	5929.00	0.9	4.3	-20.6
Japan Growth B	JP	EQ	LUX	01/04	JPY	5720.00	0.9	3.3	-21.4
Japan Growth C	JP	EQ	LUX	01/04	JPY	5834.00	0.9	3.9	-21.0
Japan Strat Value A	JP	EQ	LUX	01/04	JPY	6172.00	0.8	16.6	-19.6
Japan Strat Value B	JP	EQ	LUX	01/04	JPY	5961.00	0.8	15.5	-20.4
Japan Strat Value C	JP	EQ	LUX	01/04	JPY	6069.00	0.8	16.1	-19.9
Real Estate Sec. A	OT	EQ	LUX	01/04	USD	14.47	0.8	34.9	-12.7
Real Estate Sec. B	OT	EQ	LUX	01/04	USD	13.22	0.8	33.5	-13.6
Real Estate Sec. I	OT	EQ	LUX	01/04	USD	15.55	0.8	35.9	-12.0
Short Mat Dollar A	US	BD	LUX	01/04	USD	7.27	0.0	11.7	-5.9
Short Mat Dollar A2	US	BD	LUX	01/04	USD	9.80	0.1	11.7	-6.0
Short Mat Dollar AT	US	BD	LUX	01/04	USD	7.26	0.1	11.8	-5.9
Short Mat Dollar B	US	BD	LUX	01/04	USD	7.27	0.0	11.3	-6.3
Short Mat Dollar B2	US	BD	LUX	01/04	USD	9.75	0.1	11.2	-6.4
Short Mat Dollar BT	OT	OT	LUX	01/04	USD	7.27	0.0	10.6	-6.6
Short Mat Dollar C	US	BD	LUX	01/04	USD	7.27	0.0	11.3	-6.3
Short Mat Dollar C2	US	BD	LUX	01/04	USD	13.78	0.1	11.2	-6.4
Short Mat Dollar I	US	BD	LUX	01/04	USD	7.27	0.0	12.3	-5.3

Advertisement [ALTERNATIVE INVESTMENT FUNDS www.WSJ.com] Advertisement

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	11/30	USD	1616.75	66.9	72.1	NS
CREDIT PACIFIC Private Banking & Wealth Management Group									
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	12/31	USD	121.52	21.5	21.5	20.8
PLATINUM CAPITAL MANAGEMENT									
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	10/30	USD	95.07	13.2	5.7	-13.4
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	10/30	USD	108.45	5.5	2.5	-34.0
Platinm-Emancipation	OT	OT	USA	10/30	USD	93.58	25.0	9.3	-11.3
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	10/30	USD	60.64	29.4	15.3	-31.8
Platinm-Nordic	OT	OT	CYM	10/30	SEK	607.79	11.4	9.7	-18.3
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	10/30	USD	56.60	NS	NS	-38.7
SUPERFUND									
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	12/29	USD	41.97	-49.6	-49.9	-5.7
Superfund GCT USD*	GL	EQ	LUX	12/29	USD	2220.00	-39.2	-39.6	-5.1
Superfund Green Gold A (SPC)	OT	OT	CYM	12/29	USD	973.81	-16.2	-12.7	7.7
Superfund Green Gold B (SPC)	OT	OT	CYM	12/29	USD	941.66	-30.1	-27.5	3.5
Superfund Q-AG*	OT	OT	AUT	12/29	EUR	6628.00	-24.4	-24.8	1.2
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	11/30	EUR	972.73	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	11/30	GBP	976.73	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	11/30	USD	1232.74	-2.8	-1.2	3.7
Winton Futures EUR Cls C	OT	OT	VGB	11/30	EUR	202.11	-1.8	-0.1	9.2
Winton Futures GBP Cls D	OT	OT	VGB	11/30	GBP	218.35	-1.6	0.4	10.2
Winton Futures JPY Cls E	OT	OT	VGB	11/30	JPY	14398.02	-2.4	-0.4	6.9
Winton Futures USD Cls B	OT	OT	VGB	11/30	USD	716.94	-2.2	-0.2	8.9

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

MARKETS

U.S. housing data damp stock prices

By Kristina Peterson And Donna Kardos Yesalavich

U.S. stocks generally fell after a gauge of housing-market activity declined more than expected in November.

The Dow Jones Industrial Average was down 32.65 points, or 0.3%, at 10551.31, in midday trading. **Alcoa** was down 2.3%, while **Travelers** fell 2.1% and **United Technologies** slipped 1.6%.

ABREAST OF THE MARKET

The Nasdaq Composite Index, which oscillated above and below the flatline, was down 1.86 points, or 0.1%, to 2306.56. The Standard & Poor's 500-stock index was up 1.05 points, or 0.1%, to 1134.04. The consumer-staples, health-care and utilities sectors declined, and the financial and energy sectors gained.

Energy stocks got a lift from the price of crude oil, which hovered near a 15-month high. Financials may be benefiting from rising expectations that regulatory reforms being debated in Washington won't prove too onerous to Wall Street, said David Chalupnik, head of equities trading at FAF Advisors in Minneapolis.

December auto-sales data were expected to be released later on Tuesday. **Ford** shares hit the highest level since 2005 ahead of the reports, rising 5% to $10.80.

Kraft Foods climbed 3.4%, keeping the Dow's declines in check. The food giant announced plans to sell its frozen-food business to **Nestlé** and lift the cash component, but not overall offer, for **Cadbury**. Nestlé took itself out of the running over buying all or part of Cadbury.

Airlines generally traded higher as several reported capacity and traffic for December. **Continental Airlines** jumped 10% as it said December traffic rose 6%. **Mesa Air Group** tumbled 65% after filing for bankruptcy protection.

European stocks

European markets ended nearly unchanged, giving up early gains as Cadbury fell in the wake of Nestlé's decision. The pan-European Dow Jones Stoxx 600 finished down fractionally at 257.59.

Cadbury dropped 3.2% in London as Nestlé ruled out a bid for the U.K. chocolate producer and **Berkshire Hathaway** voted against Kraft's plan to issue stock to fund the offer. Nestlé lost 2.5% in Zurich.

Novartis fell for a second day, losing 1.8% in Zurich, following its $39 billion plan to buy the rest of Alcon it didn't already own.

The U.K. FTSE 100 climbed 0.4% to 5522.50, as **Royal Bank of Scotland** jumped 10% to rally for a second day and as **Barclays** gained 6.3%.

The German DAX fell 0.3% to 6031.86. The French CAC 40 ended fractionally lower at 4012.91.

Japan yields steady as focus is on auction

By Andrew Monahan

TOKYO—Japanese government-bond yields were little changed Tuesday as investors opted to await the year's first auction on Wednesday.

BOND MARKETS

Some market participants are concerned that demand at the 2.2 trillion yen ($23.76 billion) sale of 10-year notes could be tepid, which could send yields higher.

A rise in Japan's benchmark Nikkei Stock Average of 225 companies, which briefly climbed to its highest level since October 2008, also prompted some market participants to trim holdings of safe-haven government debt, analysts said. That sent the benchmark 10-year yield to a seven-week high of 1.33% in intraday trading before it dropped back and ended unchanged at 1.32%.

While the yen regained some ground Tuesday, analysts said any new weakness in the currency in coming weeks could dent demand for bonds and push up yields.

But some analysts said rises in yields may be blunted as entrenched deflation continues to entice Japanese financial institutions to buy bonds.

"We don't expect any chaos" in Wednesday's 10-year auction, as Japanese banks buy to lock in the longer-dated security's higher yield, said Katsutoshi Inadome, a fixed-income strategist at Mitsubishi UFJ Securities.

Hong Kong shares jump; Whampoa extends rally

By Wei Zhe Tan And Leslie Shaffer

Hong Kong's Hang Seng index broke above 22000, supported by **Hutchison Whampoa**'s continued gains and strong commodity prices.

ASIAN-PACIFIC STOCKS

Hutchison Whampoa rose for the sixth consecutive session, adding 4.1% on Tuesday. Trading in shares of **Hutchison Telecommunications International** remained suspended in Hong Kong a day after the company said parent Hutchison Whampoa has offered to take it private.

The Hang Seng Index rose 2.1% to 22279.58 to its highest close in nearly a month.

Asian stock markets ended mostly higher, bolstered by strength in the commodities sector. Technology shares advanced on optimism for chip sales this year.

Japan's Nikkei Stock Average of 225 companies firmed 0.3% to 10681.83. South Korea's Kospi fell 0.3% to 1690.62, its first loss in three sessions, and Australia's ASX/S&P 200 added 1% to 4924.3, its highest close since Sept. 25, 2008. The Shanghai Composite Index advanced 1.2% to 3282.18, its fifth gain in six sessions.

Higher commodities prices drove resource-related stocks higher across the region. **Aluminum Corp. of China** surged 9.1% in Hong Kong and 3% in Shanghai. In Sydney, **OZ Minerals** jumped 5%.

Among energy plays, Tokyo's Inpex rose 1.8% and Hong Kong's Cnooc jumped 5.7%.

Technology shares rose after the Semiconductor Industry Association on Monday said global semiconductor sales in November rose 3.7% from previous month to $22.6 billion, marking the ninth consecutive month of gains. Seoul-listed **Samsung Electronics** added 1.6%.

Shares of Japan's sole maker of dynamic random access memory chips, **Elpida**, jumped 6.6% after the Nikkei reported Rexchip Electronics, Elpida's Taiwanese subsidiary, will invest some 40 billion yen ($435 million) to introduce new chip-making equipment.

Shares of banking major **Sumitomo Mitsui Financial Group** gained 1.5% after it announced plans to raise up to 800 billion yen by issuing new shares, ending weeks of suspense about the size of its offer.

Korean shares retraced early gains as shares of Kumho Asiana Group affiliates dropped sharply. **Kumho Tire** and **Kumho Industrial** both fell by their daily 15% limit after cash-strapped Kumho Asiana Group announced a drastic restructuring plan, raising concerns the group's liquidity problems may be more severe than expected. Among other group affiliates, **Asiana Airlines** dropped 2.1% and **Korea Kumho Petrochemical** lost 1%.

Korean auto shares took a hit from the strengthening won. **Hyundai Motor** dropped 7.6% and **Kia Motors** shed 5.5%.

[Search by company, category or country at asia.WSJ.com/funds] INTERNATIONAL INVESTMENT FUNDS Advertisement

Allianz Global Investors

■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Concentra AE	EU	EQ	DEU	01/05	EUR	52.91	1.4	30.1	-10.5
Industria AE	EU	EQ	DEU	01/05	EUR	73.02	2.1	31.2	-16.0
InternRent AE	EU	BD	DEU	01/05	EUR	35.17	-0.1	3.1	8.9

■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg

CAM-GTF Limited	AS	EQ	MUS	12/24	USD	270374.49	100.4	97.4	3.1

GAM

■ GAM FUND MANAGEMENT LIMITED
George's Court, 54-62 Townsend Street, Dublin 2, Ireland
Tel +353 1 609 3927 Fax +353 1 611 7941, Internet: www.gam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	12/18	USD	1251.05	23.4	20.3	-8.5
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	12/31	JPY	15532.88	65.7	65.7	1.8
GAM Asia Equity Hedge US	OT	OT	VGB	12/31	USD	290.31	66.3	66.3	3.3
GAM Asia Equity USD	OT	OT	VGB	12/31	USD	655.44	63.3	63.3	-13.3
GAM Asia-Pacific Eq USD	OT	OT	VGB	12/31	USD	1287.07	19.8	19.8	-15.7
GAM Com Glb Bal EUR Op	US	BA	VGB	12/14	EUR	93.10	14.7	17.0	-9.9
GAM Com Glb Bal USD Op	US	BA	VGB	12/14	USD	127.31	14.7	17.0	-9.9
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	12/14	EUR	95.07	21.3	24.9	-17.2
GAM Comp Glb Eq USD Op	GL	EQ	VGB	12/14	USD	126.70	21.3	24.9	-17.2
GAM Comp Glb Gr EUR Op	US	BA	VGB	12/14	EUR	83.88	15.0	17.9	-14.3
GAM Comp Glb Gr USD Op	US	BA	VGB	12/14	USD	126.34	15.0	17.9	-14.3
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	12/29	USD	250.35	37.4	43.2	-11.8
GAM Cross Trading Inc	OT	OT	VGB	12/14	USD	464.04	6.1	NS	NS
GAM Diversity CHF Op	OT	OT	VGB	12/14	CHF	94.54	4.5	3.8	-6.9
GAM Diversity EUR Op	OT	OT	VGB	12/14	EUR	649.99	5.3	4.9	-5.3
GAM Diversity USD 2.5XL	OT	OT	VGB	12/14	USD	78.80	9.2	8.2	NS
GAM Diversity USD Op	OT	OT	VGB	12/14	USD	682.53	5.3	NS	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	12/14	CHF	99.84	4.4	NS	NS
GAM Dvrsty II EUR Op	OT	OT	VGB	12/14	EUR	139.19	4.9	4.1	-5.4
GAM Dvrsty II USD Op	OT	OT	VGB	12/14	USD	210.84	4.9	NS	-5.6
GAM DvrstyIII EUR Op	OT	OT	VGB	12/14	EUR	115.92	4.9	4.1	-5.5
GAM DvrstyIII USD Op	OT	OT	VGB	12/14	USD	122.37	4.9	4.1	-5.6
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	12/29	EUR	219.18	11.1	13.4	-4.6
GAM Euro Eq Hdg USD Op	OT	OT	VGB	12/29	USD	203.67	11.8	13.7	-3.0
GAM European Equity USD	OT	OT	VGB	12/31	USD	295.94	25.8	25.8	-14.2
GAM GAMCO	OT	EQ	VGB	12/29	USD	817.72	40.9	49.9	-10.6
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	12/29	EUR	97.29	12.8	12.9	-17.0
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	12/29	USD	102.58	13.3	13.5	-16.3
GAM Gbl Divers USD Inc.	GL	EQ	VGB	12/31	USD	251.12	23.0	23.0	-8.2
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	12/31	USD	286.70	100.8	100.8	21.3
GAM Intrst Trend II	GL	BD	VGB	12/29	USD	93.98	42.2	38.5	-9.2
GAM Intrst Trend Inc	OT	OT	VGB	12/29	USD	251.14	57.6	57.1	-7.2
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	12/31	EUR	116.71	9.3	9.3	-7.7
GAM Japan Eq Hdg USD Op	OT	OT	VGB	12/31	USD	122.04	8.5	8.5	-19.5
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	12/31	JPY	8404.15	8.9	8.9	-18.6
GAM Japan USD	JP	EQ	VGB	01/04	USD	1115.75	1.2	5.3	-15.3
GAM Japan YEN	JP	EQ	VGB	01/04	JPY	8903.19	0.9	7.2	-20.9
GAM Money Mkt EuroOp	EU	MM	VGB	12/31	EUR	51.20	0.1	0.1	1.7
GAM Money Mkt USD	US	MM	VGB	12/31	USD	99.89	-0.1	-0.1	0.8
GAM Multi-Arb EUR Op	OT	OT	VGB	12/14	EUR	113.29	1.1	-0.9	-8.6
GAM Multi-Arb USD Op	OT	OT	VGB	12/14	USD	118.28	1.3	-0.8	-8.8
GAM Multi-China EUR Op	OT	OT	VGB	12/14	EUR	167.99	13.1	13.0	-8.8
GAM Multi-China USD Op	OT	OT	VGB	12/14	USD	176.61	13.7	13.6	-9.4
GAM Multi-Emer Mkts GBP	OT	OT	VGB	12/14	GBP	130.34	24.6	23.9	-3.0
GAM Multi-Emer Mkts USD	OT	OT	VGB	12/14	USD	645.36	24.6	23.9	-3.4
GAM Multi-Eur EUR Op	OT	OT	VGB	12/14	EUR	267.99	6.8	6.0	-10.3
GAM Multi-Eur II EUR Op	OT	OT	VGB	12/14	EUR	137.89	6.7	8.6	-10.3
GAM Multi-Eur II USD Op	OT	OT	VGB	12/14	USD	112.76	6.3	8.2	-11.3
GAM Multi-Eur USD Op	OT	OT	VGB	12/14	USD	466.44	6.4	5.6	-11.2
GAM Multi-Nth Am EUR Special	OT	OT	VGB	12/14	EUR	132.77	11.4	12.3	NS
GAM Multi-Nth Am USD Special	OT	OT	VGB	12/14	USD	216.31	11.8	13.0	NS
GAM Multi-Pac EUR Op	GL	EQ	VGB	12/14	EUR	142.45	4.5	4.1	-4.8
GAM Multi-Pac USD Op	OT	OT	VGB	12/14	USD	164.43	4.6	4.4	-5.2
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	12/29	USD	2636.88	69.5	75.0	9.1
GAM Sing/Malaysia	AS	EQ	VGB	12/31	USD	2554.67	53.8	53.8	-10.8
GAM Sterling Spe Bd Inc	OT	OT	VGB	12/31	GBP	243.55	41.0	41.0	2.2
GAM Trading EUR Inc	OT	OT	VGB	12/14	EUR	323.84	5.9	5.4	6.8
GAM Trading USD Inc	OT	OT	VGB	12/14	USD	969.19	6.1	5.7	6.3
GAM Trdg II IncEUR Op	OT	OT	VGB	12/14	EUR	138.52	5.8	5.3	6.8
GAM Trdg II IncUSD Op	OT	OT	VGB	12/14	USD	314.69	6.1	5.7	6.3
GAM Trdg IV IncEUR Op	OT	OT	VGB	12/14	EUR	146.18	5.6	5.0	6.5
GAM Trdg IV IncUSD Op	OT	OT	VGB	12/14	USD	153.91	5.9	5.4	6.2
GAM Trdg V IncEUR Op	OT	OT	VGB	12/14	EUR	123.94	5.6	4.9	6.3
GAM Trdg V IncUSD Op	OT	OT	VGB	12/14	USD	129.08	5.8	5.4	6.1
GAM TrdgIII IncEUR Op	OT	OT	VGB	12/14	EUR	156.35	5.7	5.2	6.5
GAM TrdgIII IncUSD Op	OT	OT	VGB	12/14	USD	161.86	5.9	5.5	6.2
GAM USDSpecBondInc	US	BD	VGB	12/31	USD	530.00	74.3	74.3	6.4
GAM Worldwide	GL	EQ	VGB	12/31	USD	2258.80	26.1	26.1	-10.0
GAMut Investments	OT	OT	VGB	12/30	USD	7564.98	4.2	4.2	7.6

■ GAM Star Fund Plc

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	12/31	CHF	11.04	55.9	55.9	-17.1
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	12/31	EUR	11.91	59.3	59.3	-11.6
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	12/31	GBP	1.57	47.9	47.9	-2.9
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	12/31	USD	13.41	63.6	63.6	-12.2
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	12/31	EUR	101.15	19.7	19.7	-14.2
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	12/31	EUR	97.89	19.7	19.7	-14.2
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	12/31	EUR	11.00	25.0	25.0	-11.3
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	12/31	EUR	183.09	25.0	25.0	-13.6
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	12/31	EUR	167.30	25.0	25.0	-13.6
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	12/31	USD	15.99	28.2	28.2	-14.0
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	12/31	USD	14.50	28.1	28.1	-14.0
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	12/29	USD	5.52	17.3	18.5	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	12/31	EUR	87.96	8.1	8.1	-13.6
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	12/31	EUR	87.97	8.1	8.1	-13.6
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	12/31	JPY	921.08	9.9	9.9	-22.9
GAMStar-JpnEq USD Acc	JP	EQ	IRL	12/31	USD	11.12	5.6	5.6	-16.7
GAMStar-World EqUSD Acc	GL	EQ	IRL	12/31	USD	2237.68	27.1	27.1	-9.6

SOCIETE GENERALE Gestion

■ HOTLINE IN HONG KONG 2166 5099 WWW.SGAM.COM
SG Asset Management (HK) Ltd
A company of Amundi Group

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Bonds Eur Hi Yld A	OT	OT	LUX	12/31	EUR	20.58	54.8	54.8	-1.5
Bonds EURO A	OT	OT	LUX	12/31	EUR	41.04	3.9	3.9	5.4
Bonds EUROPE A	OT	OT	LUX	12/31	EUR	39.10	3.2	3.2	4.6
Bonds US OppsCoreplus A	OT	OT	LUX	12/31	USD	36.90	17.0	17.0	8.3
Bonds World A	OT	OT	LUX	12/31	USD	42.00	5.5	5.5	6.3
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	01/04	USD	10.49	0.7	62.3	-12.4
Eq. China A	AS	EQ	LUX	01/04	USD	24.17	0.2	55.0	-14.5
Eq. Concentrated Euroland A	OT	OT	LUX	01/04	EUR	94.63	1.8	21.2	-17.8
Eq. ConcentratedEuropeA	EU	EQ	LUX	12/31	EUR	27.01	31.1	31.1	-18.2
Eq. Emerging Europe A	OT	OT	LUX	12/31	EUR	23.56	78.2	78.2	-26.9
Eq. Euroland A	EU	EQ	LUX	01/04	EUR	11.00	1.6	16.5	-18.8
Eq. Euroland Small Cap A	OT	OT	LUX	01/04	EUR	144.37	2.3	42.7	-10.2
Eq. EurolandCyclclsA	EU	EQ	LUX	01/04	EUR	18.10	1.7	27.3	-13.8
Eq. EurolandFinancialA	OT	EQ	LUX	01/04	EUR	11.53	1.9	32.4	-20.0
Eq. Glbl Emg Cty A	GL	EQ	LUX	01/04	USD	9.81	1.3	59.9	-14.1
Eq. Global A	GL	EQ	LUX	01/04	USD	28.28	1.5	31.1	-12.9
Eq. Global Energy A	OT	EQ	LUX	12/31	USD	18.14	27.2	27.2	-15.2
Eq. Global Resources A	OT	OT	LUX	12/31	USD	109.20	55.7	55.7	-11.0
Eq. Gold Mines A	OT	EQ	LUX	01/04	USD	31.35	3.5	49.0	-0.7
Eq. India A	OT	OT	LUX	01/04	USD	132.46	1.3	78.9	-19.9
Eq. Japan CoreAlpha A	OT	OT	LUX	01/04	JPY	7295.71	0.6	24.0	-11.5
Eq. Latin America A	OT	OT	LUX	12/31	USD	116.25	86.7	86.7	-10.6
Eq. US Lg Cap Gr A	US	EQ	LUX	01/04	USD	15.53	1.8	38.4	-10.8
Eq. US Rel Val A	US	EQ	LUX	12/31	USD	20.60	32.6	32.6	-15.2
Eq. US Sm Cap Val A	US	EQ	LUX	01/04	USD	16.35	2.5	23.6	-16.4
Money Market EURO A	EU	MM	LUX	01/04	EUR	27.40	0.0	1.0	2.6
Money Market USD A	US	MM	LUX	01/04	USD	15.83	0.0	0.5	1.6

Manulife Wealth Management 宏利財富管理

■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
American Growth	US	EQ	LUX	01/05	USD	15.42	1.0	22.9	-11.6
American Growth AA	US	EQ	LUX	01/05	USD	0.89	1.0	22.6	-5.8
Asian Equity	AS	EQ	LUX	01/05	USD	2.50	2.2	62.9	-8.5
Asian Equity AA	AS	EQ	LUX	01/05	USD	0.81	2.2	62.3	-8.7
Asian Sm Cap Equity AA	AS	EQ	LUX	01/05	USD	1.18	1.5	90.7	-6.0
China Value A	AS	EQ	LUX	01/05	USD	7.29	2.5	62.2	-6.0
China Value AA	AS	EQ	LUX	01/05	USD	2.29	2.5	61.8	-6.2
Dragon Growth	AS	EQ	LUX	01/05	USD	1.70	3.2	63.0	-8.4
Dragon Growth AA	OT	OT	LUX	01/05	HKD	8.25	3.2	62.7	-9.5
Emg Eastrn Europe A	EU	EQ	LUX	01/05	USD	4.79	3.9	91.0	-17.9
Emg Eastrn Europe AA	EU	EQ	LUX	01/05	USD	2.06	3.9	90.7	-18.0
European Growth	EU	EQ	LUX	01/05	USD	9.34	2.0	41.6	-17.0
European Growth AA	EU	EQ	LUX	01/05	USD	0.67	2.0	41.2	-17.2
Global Contrarain AA	GL	EQ	LUX	01/05	USD	0.91	2.8	77.9	NS
Global Property AA	OT	EQ	LUX	01/05	USD	0.68	0.8	43.7	-12.6
Global Resources AA	OT	EQ	LUX	01/05	USD	1.12	3.2	50.4	-12.7
Healthcare AA	OT	EQ	LUX	01/05	USD	0.95	0.3	12.4	NS
India Equity AA	EA	EQ	LUX	01/05	USD	1.12	2.3	75.6	-19.5
International Growth	GL	EQ	LUX	01/05	USD	3.09	1.5	21.0	-14.6
International Growth AA	GL	EQ	LUX	01/05	USD	0.72	1.5	20.7	-14.8
Japanese Growth	JP	EQ	LUX	01/05	USD	2.80	1.7	9.2	-12.2
Japanese Growth AA	JP	EQ	LUX	01/05	USD	0.73	1.8	8.9	-12.4
Latin America Equity AA	GL	EQ	LUX	01/05	USD	1.33	3.2	99.6	-2.7
Manulife GF Strategic Income Fund AA	OT	OT	NA	01/05	USD	1.01	0.5	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	01/05	USD	1.16	1.6	NS	NS
Russia Equity AA	EE	EQ	LUX	01/05	USD	0.67	7.6	120.2	-21.9
Taiwan Equity AA	AS	EQ	LUX	01/05	USD	1.09	0.4	81.4	3.6
Turkey Equity AA	EE	EQ	LUX	01/05	USD	0.80	3.8	109.2	-11.5
U.S. Bond AA	US	BD	LUX	01/05	USD	1.11	0.1	18.5	7.0
U.S. Sm Cap Equity AA	US	EQ	LUX	01/05	USD	0.83	2.2	61.6	-12.0
U.S. Special Opportunities	OT	OT	LUX	01/05	USD	0.82	0.7	75.5	1.5
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	01/05	USD	1.14	0.1	10.7	2.5

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	12/31	USD	127.35	120.7	120.7	-3.1

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	01/04	USD	8.07	0.6	85.1	-6.2

The National Investor

■ THE NATIONAL INVESTOR
TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	12/24	USD	966.38	2.8	-1.4	-26.9
TNI MENA Special Sits Fund	OT	OT	BMU	11/30	USD	1070.31	10.2	10.3	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	12/24	AED	5.22	13.7	1.5	-32.2

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	12/31	USD	29.84	86.0	86.0	1.4
Intel-China Converg*	AS	EQ	CYM	12/31	USD	114.03	87.1	87.1	1.3
VP Classic - A	AS	EQ	CYM	01/04	USD	188.16	0.9	84.6	-2.1
VP CLassic - B	AS	EQ	CYM	01/04	USD	87.69	0.9	83.6	-2.6
VP High Dividend Stk	AS	EQ	CYM	12/28	USD	45.43	82.8	81.4	-0.8

YUKI Yuki Management & Research Tel +81-3-5298-3277 www.yukijapan.co.jp

■ YUKI INTERNATIONAL LIMITED
Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	01/05	JPY	9536.00	0.8	9.5	-22.9
YMR-N Small Cap Fund	OT	OT	IRL	01/05	JPY	6989.00	-0.3	8.3	-23.2

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	01/05	JPY	6208.00	0.9	2.9	-24.9
Yuki 77 Growth	JP	EQ	IRL	01/05	JPY	5692.00	0.9	-4.3	-30.4

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	01/05	JPY	6919.00	1.3	8.2	-21.4
Yuki Chugoku JpnLowP	JP	EQ	IRL	01/05	JPY	7615.00	1.0	-7.4	-21.8

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	01/05	JPY	4733.00	1.3	1.8	-25.2
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	01/05	JPY	5339.00	1.7	0.5	-18.8
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	01/05	JPY	5084.00	-0.4	7.5	-21.4

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	01/05	JPY	4459.00	0.9	3.3	-29.2
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	01/05	JPY	4684.00	0.4	2.2	-29.0
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	01/05	JPY	7050.00	1.1	13.0	-23.4
Yuki Mizuho Jpn Gen	OT	OT	IRL	01/05	JPY	8724.00	1.3	6.8	-23.0
Yuki Mizuho Jpn Gro	OT	OT	IRL	01/05	JPY	6430.00	1.1	1.8	-26.2
Yuki Mizuho Jpn Inc	OT	OT	IRL	01/05	JPY	7727.00	1.2	-4.1	-21.7
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	01/05	JPY	5268.00	1.5	3.9	-23.5
Yuki Mizuho Jpn LowP	OT	OT	IRL	01/05	JPY	11658.00	0.8	3.3	-17.9
Yuki Mizuho Jpn PGth	OT	OT	IRL	01/05	JPY	8005.00	0.6	3.5	-28.6
Yuki Mizuho Jpn SmCp	OT	OT	IRL	01/05	JPY	7108.00	-0.4	14.7	-23.3
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	01/05	JPY	5725.00	1.4	8.3	-20.1
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	01/05	JPY	2712.00	-0.5	13.1	-30.3

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	01/05	JPY	5483.00	1.1	5.6	-22.4

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Brazil	-0.14%	3.1%	96.4%
Russia	-0.51	2.3	111.2
Netherlands	-0.13	2.2	33.0
Spain	0.64	2.2	12.9
Sweden	0.51	2.0	44.7
Hong Kong	2.34	2.0	38.8
France	-0.11	1.9	19.0
U.K.	0.18	1.8	18.6
Turkey	0.95	1.7	82.7
South Africa	0.91	1.4	18.7
Italy	0.23	1.4	16.4
Switzerland	-0.47	1.2	19.4
Japan	0.42	1.2	5.8
Germany	-0.35	1.1	14.2
Australia	0.98	1.0	30.5
Canada	-0.23	0.7	23.0
Singapore	0.69	0.5	53.3
South Korea	-0.64	0.1	41.5
China 88	0.90	-0.5%	71.6

Dow Jones Regional Sector Titans

Basic Res	0.83%	3.6%	71.5%
Banks	0.67	3.1	36.5
Asian 50	1.42	2.6	31.0
Tiger 50*	1.64	1.9	51.0
Global 50	-0.09	1.7	20.0
Arab 50	0.88	0.3	9.1
EU Enlarged†-p	2.15	unch.	30.4
Nordic 30 -p	2.59	unch.	30.4
Stoxx 50 -p	1.44	unch.	20.1
Euro Stoxx 50 -p	1.78	unch.	18.2

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Tuesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
PetroChina	Hong Kong	Integrated Oil Gas	$26.8	9.84	5.92%	25.8%	-3.9%
CNOOC	Hong Kong	Exploration Production	74.5	12.94	5.72	57.8	88.6
Hutchison Whampoa	Hong Kong	Diversified Industrials	30.9	56.25	4.07	26.1	-29.1
Mitsui	Japan	Industrial Suppliers	27.2	1,373	2.85	41.6	-19.1
China Life Ins	Hong Kong	Life Insurance	37.5	39.10	2.62	53.0	52.7
Toyota Motor	Japan	Automobiles	$131.2	3,805	-2.19%	24.8	-51.7
Nissan Motor	Japan	Automobiles	35.8	803.00	-1.59	135.5	-44.5
KB Fncl Group	South Korea	Banks	19.9	58,700	-1.18	50.9	-15.5
Honda Motor	Japan	Automobiles	62.9	3,145	-0.79	58.0	-32.1
Japan Tobacco	Japan	Tobacco	33.7	320,500	-0.77	6.8	-43.8

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Mitsubishi Japan (Industrial Suppliers)	42.7	2,376	**2.50**%	77.8%	10.8%
China Constr Bk Hong Kong (Banks)	195.5	6.75	**2.43**	51.7	43.0
Shinhan Financial Grp South Korea (Banks)	18.6	44,600	**2.29**	42.4	0.7
Westfield Grp Australia (Retail REITs)	26.9	12.75	**2.00**	-3.4	-38.0
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.4	2,594	**1.93**	1.1	-42.9
RioZim Ltd Australia (General Mining)	42.3	76.35	**1.91**	122.8	35.0
Indl Comm Bk China Hong Kong (Banks)	69.5	6.49	**1.88**	52.0	38.7
Nippon T&T Japan (Fixed Line Telecommunications)	54.6	3,770	**1.75**	-21.6	-39.5
Samsung Elec South Korea (Semiconductors)	106.6	822,000	**1.61**	65.1	40.3
Commonwlth Bk of Aus Australia (Banks)	77.2	55.70	**1.51**	89.0	12.5
Sumitomo Mitsui Finl Japan (Banks)	29.3	2,653	**1.45**	-35.9	-78.3
Cheung Kong Hong Kong (Real Estate Holding Development)	30.3	101.40	**1.40**	24.4	-0.3
Nintendo Japan (Toys)	32.1	22,930	**1.37**	-37.7	-19.5
National Australia Bk Australia (Banks)	53.1	27.75	**1.28**	33.8	-31.3
Mizuho Financial Grp Japan (Banks)	25.2	164.00	**1.23**	-43.3	-81.4
JFE Hldgs Japan (Iron Steel)	21.4	3,690	**1.23**	43.3	-38.3
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	38.8	117.40	**1.12**	60.3	24.8
Seven I Hldgs Japan (Broadline Retailers)	19.1	1,932	**1.05**	-33.2	-49.8
POSCO South Korea (Iron Steel)	41.3	618,000	**0.98**	52.2	111.6
Woodside Petroleum Australia (Exploration Production)	31.4	47.97	**0.93**	24.2	32.8

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Tokyo Elec Power Japan (Conventional Electricity)	35.1	2,375	**0.85**%	-16.7%	-39.4%
Westpac Bking Australia (Banks)	67.8	25.51	**0.83**	49.8	6.3
China Mobile (HK) Hong Kong (Mobile Telecommunications)	187.0	72.95	**0.83**	-12.1	9.8
Nippon Steel Japan (Iron Steel)	25.8	375.00	**0.81**	22.2	-42.2
Canon Japan (Electronic Office Equipment)	53.7	3,975	**0.76**	33.8	-39.7
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	40.9	152.50	**0.66**	152.3	3.9
Shin-Etsu Chml Japan (Specialty Chemicals)	25.0	5,370	**0.56**	24.3	-31.9
QBE Ins Grp Australia (Reinsurance)	23.7	25.34	**0.52**	-2.5	-11.1
Panasonic Japan (Consumer Electronics)	30.5	1,345	**0.52**	13.0	-43.4
Takeda Pharm Japan (Pharmaceuticals)	33.4	3,870	**0.52**	-14.0	-51.3
Aus NZ Bk Australia (Banks)	52.6	23.00	**0.48**	49.4	-16.9
BHP Billiton Australia (General Mining)	132.6	43.28	**0.46**	36.5	75.2
KDDI Japan (Mobile Telecommunications)	24.0	496,500	**0.30**	-17.9	-39.3
Mitsubishi UFJ Finl Japan (Banks)	68.8	452.00	**0.22**	-20.7	-70.1
Kansai Elec Power Japan (Conventional Electricity)	22.2	2,123	**0.19**	-12.6	-33.9
NTT DoCoMo Japan (Mobile Telecommunications)	59.4	129,900	**0.15**	-25.1	-32.3
Sony Japan (Consumer Electronics)	29.7	2,719	**-0.44**	28.3	-51.0
Woolworths Australia (Food Retailers Wholesalers)	31.4	27.96	**-0.60**	7.1	22.0
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	52.5	64.50	**-0.62**	42.2	-0.8
East Japan Railway Japan (Travel Tourism)	25.5	5,880	**-0.68**	-15.4	-30.0

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**.
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.10%	0.95%	1.6%	0.0%	8.3%
Event Driven	0.13	1.12	2.8	0.0	15.5
Equity Long/Short	-0.31	1.24	1.7	0.0	4.9

*Estimates as of 12/31/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

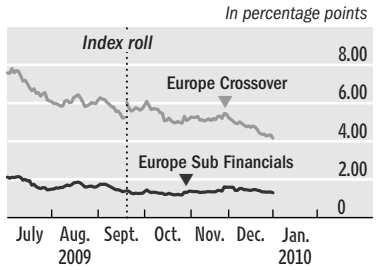
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.72	101.31%	0.01%	1.00	0.72	0.84
Eur. High Volatility: 12/1	1.00	100.00	0.01	1.76	0.99	1.37
Europe Crossover: 12/1	4.16	103.37	0.05	6.15	4.16	5.19
Asia ex-Japan IG: 12/1	0.96	100.19	0.01	1.29	0.96	1.07
Japan: 12/1	1.34	98.38	0.01	1.68	0.99	1.33

Note: Data as of January 4

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Promise	779	**-13**	-22	-224
Ptt Pub	88	**-4**	-1	-3
Hysan Dev	56	**-4**	2	-12
Citizen Hldgs	61	**-3**	-3	-6
Korea Expwy	78	**-3**	...	2
Orix	272	**-2**	5	-116
All Nippon Awys	312	**-2**	-8	-38
Kawasaki Heavy Inds	148	**-2**	-2	-12
Sumitomo Chem	62	**-2**	-2	-8
Sharp	53	**-1**	-2	-4

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Tenaga Nasional	91	**4**	4	3
Sumitomo Metal Inds	77	**4**	4	-3
Expt Import Bk of China	117	**4**	-2	3
Mitsui OSK Lines	137	**5**	6	15
Shin Han Bk	109	**6**	1	...
Itochu	150	**6**	1	1
Korea Dep Ins	76	**6**	2	...
Malayan Bkg	96	**7**	3	...
Kdom Thailand	101	**8**	6	5
CNOOC	83	**10**	14	10

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Asia

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Nomura	$1,366	13.8%	73%	16%	12%	...
Daiwa Securities SMBC Co Ltd	626	6.3	66	25	9	...
Mizuho	523	5.3	35	44	11	11%
Morgan Stanley	508	5.1	74	11	15	...
Mitsubishi UFJ Securities	473	4.8	45	37	8	10
UBS	446	4.5	65	13	23	...
JPMorgan	406	4.1	77	8	14	1
Goldman Sachs	398	4.0	75	10	15	...
Credit Suisse	290	2.9	64	12	23	1

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**416.75**	-1.75	**-0.42%**	712.25	315.50
Soybeans (cents/bu.)	CBOT	**1052.00**	-6.00	**-0.57**	1,560.00	805.00
Wheat (cents/bu.)	CBOT	**552.00**	-5.75	**-1.03**	1,029.25	459.00
Live cattle (cents/lb.)	CME	**85.375**	-0.800	**-0.93**	108.600	81.900
Cocoa ($/ton)	ICE-US	**3,294**	38	**1.17%**	3,510	1,994
Coffee (cents/lb.)	ICE-US	**141.70**	-0.15	**-0.11**	188.65	115.00
Sugar (cents/lb.)	ICE-US	**28.20**	0.58	**2.10**	29.80	11.91
Cotton (cents/lb.)	ICE-US	**75.30**	-0.70	**-0.92**	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	**2,682.00**	2	**0.07**	3,580	1,487
Cocoa (pounds/ton)	LIFFE	**2,245**	23	**1.04**	2,337	1,310
Robusta coffee ($/ton)	LIFFE	**1,359**	-5	**-0.37**	1,710	1,300
Copper (cents/lb.)	COMEX	**341.10**	0.50	**0.15**	365.00	135.50
Gold ($/troy oz.)	COMEX	**1124.80**	7.10	**0.64**	1,227.50	762.30
Silver (cents/troy oz.)	COMEX	**1784.00**	37.70	**2.16**	2,011.50	1,045.00
Aluminum ($/ton)	LME	**2,280.00**	22.00	**0.97**	2,283.00	1,288.00
Tin ($/ton)	LME	**17,535.00**	85.00	**0.49**	17,535.00	9,945.00
Copper ($/ton)	LME	**7,480.00**	-23.00	**-0.31**	7,503.00	3,085.00
Lead ($/ton)	LME	**2,475.00**	-5.00	**-0.20**	2,487.00	995.00
Zinc ($/ton)	LME	**2,555.00**	-51.00	**-1.96**	2,606.00	1,086.00
Nickel ($/ton)	LME	**18,650**	-270	**-1.43**	21,150	9,475
Crude oil ($/bbl.)	NYMEX	**81.57**	0.06	**0.07**	117.00	47.60
Heating oil ($/gal.)	NYMEX	**2.1931**	0.0026	**0.12**	3.5570	1.3816
RBOB gasoline ($/gal.)	NYMEX	**2.1075**	0.0031	**0.15**	2.1342	1.2304
Natural gas ($/mmBtu)	NYMEX	**5.735**	-0.108	**-1.85**	12.590	4.550
Brent crude ($/bbl.)	ICE-EU	**80.14**	0.02	**0.02**	145.00	50.00
Gas oil ($/ton)	ICE-EU	**664.50**	4.75	**0.72**	875.00	450.50

Source: Thomson Reuters; WSJ Market Data Group

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**. Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Currencies

London close on Jan. 5

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.4758	0.1826	3.7980	0.2633
Brazil real	2.4838	0.4026	1.7228	0.5805
Canada dollar	1.4947	0.6690	1.0368	0.9646
1-mo. forward	1.4947	0.6690	1.0367	0.9646
3-mos. forward	1.4947	0.6690	1.0368	0.9646
6-mos. forward	1.4951	0.6689	1.0370	0.9643
Chile peso	725.42	0.001379	503.15	0.001987
Colombia peso	2867.57	0.0003487	1988.95	0.0005028
Ecuador US dollar-f	1.4417	0.6936	1	1
Mexico peso-a	18.4746	0.0541	12.8140	0.0780
Peru sol	4.1385	0.2416	2.8705	0.3484
Uruguay peso-e	28.186	0.0355	19.550	0.0512
U.S. dollar	1.4417	0.6936	1	1
Venezuela bolivar	3.10	0.323011	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.5765	0.6343	1.0934	0.9146
China yuan	9.8432	0.1016	6.8273	0.1465
Hong Kong dollar	11.1829	0.0894	7.7565	0.1289
India rupee	66.5440	0.0150	46.1550	0.0217
Indonesia rupiah	13437	0.0000744	9320	0.0001073
Japan yen	131.97	0.007577	91.54	0.010925
1-mo. forward	131.95	0.007578	91.52	0.010926
3-mos. forward	131.91	0.007581	91.49	0.010930
6-mos. forward	131.81	0.007587	91.42	0.010938
Malaysia ringgit-c	4.8839	0.2048	3.3875	0.2952
New Zealand dollar	1.9556	0.5114	1.3564	0.7373
Pakistan rupee	122.188	0.0082	84.750	0.0118
Philippines peso	66.212	0.0151	45.925	0.0218
Singapore dollar	2.0120	0.4970	1.3955	0.7166
South Korea won	1642.15	0.0006090	1139.00	0.0008780
Taiwan dollar	45.970	0.02175	31.885	0.03136
Thailand baht	47.787	0.02093	33.145	0.03017

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6936	1.4417
1-mo. forward	1.0000	1.0000	0.6936	1.4417
3-mos. forward	1.0002	0.9998	0.6937	1.4415
6-mos. forward	1.0005	0.9995	0.6940	1.4410
Czech Rep. koruna-b	26.261	0.0381	18.215	0.0549
Denmark krone	7.4416	0.1344	5.1615	0.1937
Hungary forint	269.03	0.003717	186.60	0.005359
Norway krone	8.2110	0.1218	5.6952	0.1756
Poland zloty	4.0887	0.2446	2.8359	0.3526
Russia ruble-d	43.147	0.02318	29.927	0.03341
Sweden krona	10.2100	0.0979	7.0817	0.1412
Switzerland franc	1.4864	0.6727	1.0310	0.9699
1-mo. forward	1.4861	0.6729	1.0308	0.9701
3-mos. forward	1.4856	0.6731	1.0304	0.9705
6-mos. forward	1.4844	0.6737	1.0296	0.9713
Turkey lira	2.1251	0.4706	1.4740	0.6784
U.K. pound	0.8993	1.1120	0.6237	1.6033
1-mo. forward	0.8994	1.1118	0.6239	1.6029
3-mos. forward	0.8998	1.1114	0.6241	1.6023
6-mos. forward	0.9002	1.1108	0.6244	1.6015
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5435	1.8399	0.3770	2.6526
Egypt pound-a	7.8792	0.1269	5.4650	0.1830
Israel shekel	5.3842	0.1857	3.7345	0.2678
Jordan dinar	1.0215	0.9790	0.7085	1.4114
Kuwait dinar	0.4133	2.4193	0.2867	3.4880
Lebanon pound	2166.23	0.0004616	1502.50	0.0006656
Saudi Arabia riyal	5.4069	0.1850	3.7502	0.2667
South Africa rand	10.5305	0.0950	7.3040	0.1369
United Arab dirham	5.2955	0.1888	3.6730	0.2723
SDR -f	0.9197	1.0873	0.6379	1.5676

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
53	**ASIA-PACIFIC**	DJ Asia-Pacific	126.44	1.72	**1.38%**	2.8%	34.7%
...	Australia	SPX/ASX 200	4924.27	48.01	**0.98**	1.1	31.6
...	China	CBN 600	29057.56	248.27	**0.86**	...	83.9
20	Hong Kong	Hang Seng	22279.58	456.30	**2.09**	1.9	43.7
20	India	Sensex	17686.24	127.51	**0.73**	1.3	71.1
...	Indonesia	Jakarta Composite	2605.277	29.864	**1.16**	2.8	81.5
...	Japan	Nikkei Stock Average	10681.83	27.04	**0.25**	1.3	17.6
...		Topix	919.57	3.82	**0.42**	1.3	4.9
...	Malaysia	Kuala Lumpur Composite	1288.24	12.49	**0.98**	1.2	39.7
...	New Zealand	NZSX-50	3268.188	38.043	**1.18**	1.2	17.4
9	Pakistan	KSE 100	9657.38	219.53	**2.33**	2.9	59.0
14	Philippines	Manila Composite	3028.46	23.45	**0.78**	-0.8	53.8
...	Singapore	Straits Times	2920.28	25.73	**0.89**	0.8	52.6
11	South Korea	Kospi	1690.62	-5.52	**-0.33%**	0.5	41.6
20	Taiwan	Weighted	8211.40	3.55	**0.04**	0.3	73.7
10	Thailand	SET	732.11	-0.17	**-0.02**	-0.3	54.7
50	**EUROPE**	DJ Stoxx 600	257.55	-0.10	**-0.04**	1.7	21.0
22		DJ Stoxx 50	2615.97	-6.57	**-0.25**	1.4	18.0
62	**Euro Zone**	DJ Euro Stoxx	280.14	0.43	**0.15%**	1.9%	19.0%
20		DJ Euro Stoxx 50	3012.22	-5.58	**-0.18%**	1.6	16.8
19	Denmark	OMX Copenhagen	323.44	-2.46	**-0.75**	2.5	27.1
21	Finland	OMX Helsinki	6633.54	6.15	**0.09**	2.7	13.5
20	France	CAC-40	4012.91	-1.06	**-0.03**	1.9	18.2
21	Germany	DAX	6031.86	-16.44	**-0.27**	1.2	20.0
17	Italy	FTSE MIB	23555.73	10.71	**0.05**	1.3	13.6
...	Netherlands	AEX	342.02	-1.01	**-0.29**	2.0	27.0
...	Russia	RTSI	1444.61		**Closed**	...	128.6
11	Spain	IBEX 35	12204.4	59.3	**0.49**	2.2	25.5
15	Switzerland	SMI	6579.26	-52.18	**-0.79**	0.5	13.4
...	Turkey	ISE National 100	54115.05	746.89	**1.40**	2.4	88.5
15	U.K.	FTSE 100	5522.50	22.16	**0.40**	2.0	19.0
22	**AMERICAS**	DJ Americas	301.51	-0.29	**-0.10**	1.7	28.1
...	Brazil	Bovespa	70368.58	323.50	**0.46**	2.6	66.2
...	Argentina	Merval	2398.50	14.01	**0.59**	3.4	100.3
21	Mexico	IPC	32967.19	208.66	**0.64**	2.6	42.9

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	Three-yr., annualized
		DJ Global Index	231.45	0.49	**0.49%**	30.2%	0.2%	-5.5%
		Global DOW	2020.78	5.15	**5.15**	27.3	0.3	-1.5
2.31%		**Asia/Pacific 600**	118.01	1.63	**1.63**	23.9	1.4	-6.8
2.31		**Emerging Markets**	287.08	2.93	**2.93**	71.6	1.0	5.2
2.31		**Asia/Pacific**	126.44	1.72	**1.72**	34.7	1.4	-4.5
2.31		**Asia/Pacific ex-Japan**	323.05	4.17	**4.17**	67.4	1.3	2.0
2.31		**Southeast Asia**	163.26	0.78	**0.78**	73.3	0.5	2.9
0.82	30	**CBN China 600** -c	29057.56	248.28	**248.28**	83.9	0.9	22.4
0.84	33	**Shanghai**	388.88	4.14	**4.14**	83.6	1.1	22.6
0.57	47	**Shenzhen**	416.79	1.94	**1.94**	106.4	0.5	29.3
2.13	20	**China Offshore 50**	4185.23	111.35	**111.35**	43.4	2.7	7.2
7.24	10	**Australia LPT** -c, d	1192.19	36.89	**36.89**	9.1	3.2	-20.5

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	Three-yr., annualized
2.03%	16	**Islamic Market**	2010.80	0.69	**0.69%**	30.9%	0.0%	-0.6%
2.32	16	**Islamic Market 100**	2151.55	-5.48	**-5.48**	20.0	-0.3	-1.8
9.64	15	**Bahrain**	120.94	0.23	**0.23**	-19.9	0.2	-14.1
2.93	36	**Kuwait**	192.62	3.17	**3.17**	-6.5	1.7	-16.5
2.53	21	**Sustainability**	1029.71	-1.99	**-1.99**	29.3	-0.2	-6.5
2.72	50	**Stoxx 600 -p**	277.83	5.77	**5.77**	30.7	2.1	-8.3
4.74	17	**Stoxx Select Div 30 -p**	1847.93	51.99	**51.99**	31.4	2.9	-20.4
3.98	23	**Euro Stoxx Sel Div 30 -p**	2191.41	64.06	**64.06**	31.2	3.0	-16.0
1.71	32	**DJ U.S. TSM**	11679.51	-10.36	**-10.36**	23.8	-0.1	-6.2
4.14	15	**U.S. Select Dividend -d**	656.94	-2.23	**-2.23**	11.2	-0.3	-9.5
4.72		**U.S. REIT**	144.25	-0.53	**-0.53**	19.0	-0.4	-18.0
		DJ-UBS Commodity -p	142.30	3.11	**3.11**	18.0	2.2	-3.7

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

U.S.	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
		1.093	0.624	1.037	6.827	0.694	7.756	46.155	9319.66	91.535	1.356	1139.00	3.388	45.925	1.395	1.031	31.885	33.145
Australia	0.915		0.570	0.948	6.244	0.634	7.094	42.211	8523.30	83.713	1.240	1041.68	3.098	42.001	1.276	0.943	29.160	30.313
Britain	1.603	1.753		1.662	10.946	1.112	12.436	73.998	14941.75	146.754	2.175	1826.11	5.431	73.629	2.237	1.653	51.120	53.140
Canada	0.965	1.055	0.602		6.585	0.669	7.482	44.519	8989.31	88.290	1.308	1098.63	3.267	44.297	1.346	0.994	30.755	31.970
China	0.1465	0.160	0.091	0.152		0.102	1.136	6.760	1365.07	13.407	0.199	166.83	0.496	6.727	0.204	0.151	4.670	4.855
Euro	1.442	1.576	0.899	1.495	9.843		11.183	66.544	13436.63	131.971	1.956	1642.16	4.884	66.212	2.012	1.486	45.970	47.787
Hong Kong	0.129	0.141	0.080	0.134	0.880	0.089		5.950	1201.53	11.801	0.175	146.85	0.437	5.921	0.180	0.133	4.111	4.273
India	0.0217	0.0237	0.0135	0.0225	0.1479	0.0150	0.1681		201.92	1.9832	0.0294	24.68	0.0734	0.9950	0.0302	0.0223	0.6908	0.7181
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0098	0.0001	0.12	0.0004	0.0049	0.0001	0.0001	0.0034	0.0036
Japan	0.011	0.012	0.007	0.011	0.075	0.008	0.085	0.504	101.82		0.015	12.44	0.037	0.502	0.015	0.011	0.348	0.362
New Zealand	0.737	0.806	0.460	0.764	5.033	0.511	5.718	34.028	6870.92	67.484		839.73	2.497	33.858	1.029	0.760	23.507	24.436
South Korea	0.0009	0.0010	0.0005	0.0009	0.0060	0.0006	0.0068	0.0405	8.18	0.0804	0.0012		0.0030	0.0403	0.0012	0.0009	0.0280	0.0291
Malaysia	0.295	0.323	0.184	0.306	2.015	0.205	2.290	13.625	2751.19	27.021	0.400	336.24		13.557	0.412	0.304	9.413	9.785
Philippines	0.022	0.024	0.014	0.023	0.149	0.015	0.169	1.005	202.93	1.993	0.030	24.80	0.074		0.030	0.022	0.694	0.722
Singapore	0.717	0.784	0.447	0.743	4.892	0.497	5.558	33.074	6678.37	65.593	0.972	816.20	2.427	32.909		0.739	22.848	23.751
Switzerland	0.970	1.061	0.605	1.006	6.622	0.673	7.523	44.767	9039.44	88.783	1.316	1104.76	3.286	44.544	1.354		30.926	32.148
Taiwan	0.031	0.034	0.020	0.033	0.214	0.022	0.243	1.448	292.29	2.871	0.043	35.72	0.106	1.440	0.044	0.032		1.040
Thailand	0.030	0.033	0.019	0.031	0.206	0.021	0.234	1.393	281.18	2.762	0.041	34.36	0.102	1.386	0.042	0.031	0.962	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of January. 05, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	27	**ALL COUNTRY (AC) WORLD***	304.69	1.76%	**33.8%**	33.8%
2.40	28	**World (Developed Markets)**	1,189.39	1.79	**29.3**	29.3
1.80	117	**World Small Cap**	194.34	2.20	**44.8**	44.8
2.50	23	**Kokusai (World ex-Japan)**	1,180.49	1.80	**32.3**	32.3
2.90	28	**EAFE**	1,610.99	1.91	**30.2**	30.2
2.00	20	**Emerging Markets (EM)**	1,004.51	1.52	**77.1**	77.1
2.40	24	**AC ASIA PACIFIC EX-JAPAN**	420.74	1.01	**70.1**	70.1
2.00	24	**AC Far East ex-Japan**	453.22	0.72	**66.2**	66.2
1.70	35	**Japan**	573.61	0.91	**8.2**	8.2
1.90	21	**China**	64.81	-0.01	**58.9**	58.9
0.80	40	**China A (China Domestic)**	3,350.60	-0.92	**93.2**	93.2
2.60	24	**Hong Kong**	10,211.37	0.33	**55.8**	55.8
0.90	21	**India**	711.31	0.59	**92.7**	92.7
1.00	17	**Korea**	484.84	0.85	**58.0**	58.0
2.40	20	**Malaysia**	472.05	0.48	**46.9**	46.9
2.90	18	**Singapore**	1,622.66	-0.14	**62.8**	62.8
2.50	248	**Taiwan**	296.77	0.28	**71.2**	71.2
2.90	19	**Thailand**	300.02	-0.55	**62.1**	62.1
3.70	26	**Australia**	1,001.58	0.04	**30.9**	30.9
5.20	16	**New Zealand**	87.20	0.00	**14.9**	14.9
1.80	33	**US BROAD MARKET**	1,257.76	1.68	**28.0**	28.0
3.20	18	**EUROPE**	89.56	1.46	**29.0**	29.0

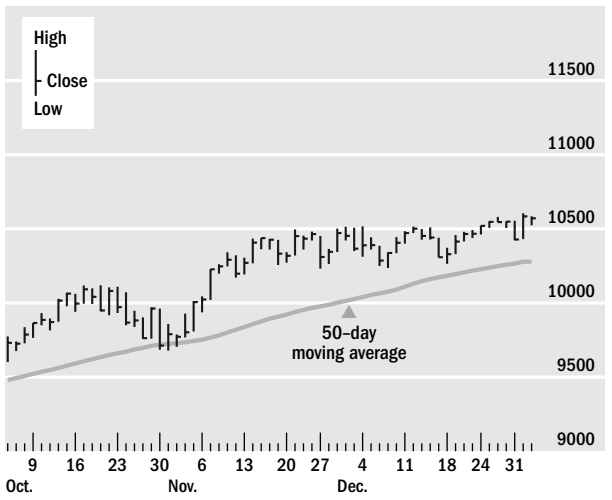
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

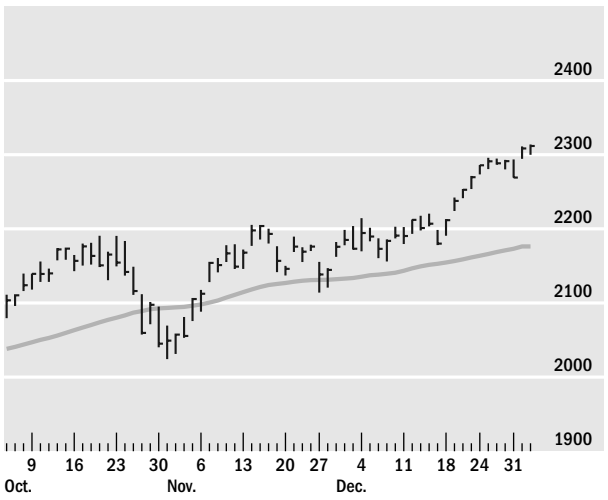
Dow Jones Industrial Average P/E: 18

LAST: **10571.03** ▼ 12.93, or 0.12%
YEAR TO DATE: ▲ **142.98, or 1.4%**
OVER 52 WEEKS ▲ **1,555.93, or 17.3%**



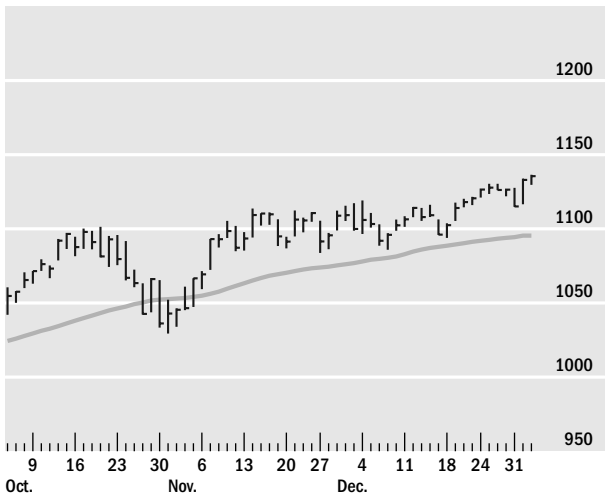
Nasdaq Composite Index P/E: 49*

LAST: **2311.74** ▲ 3.32, or 0.14%
YEAR TO DATE: ▲ **42.59, or 1.9%**
OVER 52 WEEKS ▲ **659.36, or 39.9%**



S&P 500 Index P/E: 75

LAST: **1135.52** ▲ 2.53, or 0.22%
YEAR TO DATE: ▲ **20.42, or 1.8%**
OVER 52 WEEKS ▲ **200.82, or 21.5%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**14.30**	$28.50	-0.08	**-0.30%**
Alcoa	AA	**23.00**	16.19	-0.46	**-2.76**
AmExpress	AXP	**5.10**	40.85	-0.07	**-0.17**
BankAm	BAC	**98.50**	16.01	0.32	**2.04**
Boeing	BA	**2.60**	57.03	0.85	**1.51**
Caterpillar	CAT	**2.50**	58.90	0.35	**0.60**
Chevron	CVX	**3.30**	79.14	0.08	**0.10**
CiscoSys	CSCO	**21.50**	24.60	-0.09	**-0.36**
CocaCola	KO	**4.50**	56.37	-0.67	**-1.17**
Disney	DIS	**4.70**	31.96	-0.11	**-0.34**
DuPont	DD	**3.90**	33.72	-0.54	**-1.58**
ExxonMobil	XOM	**11.10**	69.08	-0.07	**-0.10**
GenElec	GE	**29.10**	15.50	0.05	**0.32**
HewlettPk	HPQ	**5.50**	52.52	0.06	**0.12**
HomeDpt	HD	**8.40**	28.84	0.17	**0.59**
Intel	INTC	**20.80**	20.73	-0.15	**-0.72**
IBM	IBM	**3.50**	130.61	-1.84	**-1.39**
JPMorgChas	JPM	**19.00**	43.50	0.65	**1.52**
JohnsJohns	JNJ	**3.90**	64.21	-0.47	**-0.73**
KftFoods	KFT	**20.80**	28.29	0.86	**3.12**
McDonalds	MCD	**2.40**	62.47	-0.31	**-0.49**
Merck	MRK	**7.50**	37.31	0.30	**0.81**
Microsoft	MSFT	**22.00**	30.94	-0.02	**-0.05**
Pfizer	PFE	**19.20**	18.64	-0.29	**-1.53**
ProctGamb	PG	**3.20**	61.20	0.08	**0.13**
3M	MMM	**1.00**	82.46	-0.56	**-0.67**
TravelersCos	TRV	**2.10**	48.78	-1.03	**-2.07**
UnitedTech	UTX	**2.20**	70.55	-1.08	**-1.51**
Verizon	VZ	**10.60**	33.15	-0.13	**-0.39**
WalMart	WMT	**6.60**	53.92	-0.31	**-0.57**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**286.7**	$3.50	$0.10	**2.94%**
BankAm	BAC	**99.9**	16.01	0.32	**2.01**
FordMotor	F	**90.1**	10.89	0.61	**5.93**
MesaAir	MESA	**59.0**	0.05	–0.07	**–55.71**
SPDR S&P 500	SPY	**54.1**	113.35	0.02	**0.02**
SprintNextel	S	**42.3**	4.13	0.23	**5.90**
SPDR FnclSelSct	XLF	**41.6**	14.81	0.12	**0.82**
LasVegasSands	LVS	**35.6**	17.91	1.29	**7.76**
MGM Mirage	MGM	**32.2**	10.37	0.64	**6.57**
GenElec	GE	**29.2**	15.51	0.06	**0.40**
PwrShrs QQQ	QQQQ	**27.9**	46.38	–0.05	**–0.10**
SiriusXM	SIRI	**27.2**	0.68	0.03	**5.26**
MicronTch	MU	**27.2**	11.18	0.33	**3.04**
Motorola	MOT	**26.8**	8.12	0.15	**1.82**
iShrMSCIEmrgMkt	EEM	**25.8**	43.01	0.30	**0.70**

Biggest gainers...

UnvlPowerGp	UPG	**96.8**	$3.85	$0.80	**26.23%**
ChAdvCnstrMt	CADC	**332.0**	7.39	1.44	**24.20**
MelcoCrwn ADS	MPEL	**14,950.5**	4.14	0.56	**15.64**
AegeanMrnPete	ANW	**936.1**	32.83	4.30	**15.07**
MS TgtdIncoStrat	NBXH	**2.2**	9.70	1.20	**14.12**

...Biggest losers

Brightpt	CELL	**3,924.8**	$6.66	-$1.10	**-14.18%**
SpartanStor	SPTN	**342.2**	12.68	-1.73	**-12.01**
Chyron	CHYR	**26.5**	1.88	-0.20	**-9.62**
MdWstOneFnl	MOFG	**2.8**	7.84	-0.82	**-9.47**
SoComFin	SCMF	**14.3**	2.47	-0.25	**-9.19**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.36	**Taiwan Semi**	TSM	**7,224.9**	$11.64	0.06	**0.53%**
12.91	6.25	**AU Optrncs**	AUO	**2,660.6**	12.71	-0.17	**-1.32**
80.10	33.09	**BHP Billiton**	BHP	**2,095.8**	79.85	0.28	**0.35**
3.98	1.65	**Utd Microelectronics**	UMC	**2,054.9**	3.97	0.04	**1.02**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**1,320.0**	4.97	0.00	**0**
59.22	40.20	**China Mobile**	CHL	**822.9**	47.22	0.12	**0.25**
32.79	9.91	**Aluminum Cp of China**	ACH	**820.3**	30.52	1.92	**6.71**
8.19	3.78	**Siliconware Prec Ind**	SPIL	**724.1**	7.14	-0.04	**-0.56**
15.95	8.56	**China Unicom**	CHU	**518.9**	13.33	0.05	**0.38**
56.98	22.61	**Infosys Tech**	INFY	**514.0**	56.83	0.07	**0.12**
15.29	6.85	**Korea Elec Pwr**	KEP	**448.5**	14.96	0.02	**0.13**
9.50	3.96	**Nomura Hldgs**	NMR	**425.3**	7.64	0.08	**1.06**
24.80	5.11	**Yanzhou Coal Mining**	YZC	**407.8**	24.64	1.50	**6.48**
4.00	1.50	**SemiMfgInt**	SMI	**338.7**	3.64	0.07	**1.96**
7.10	2.00	**Alumina**	AWC	**328.9**	6.97	0.00	**0**
135.92	63.94	**PetroChina**	PTR	**327.1**	127.16	4.71	**3.85**
4.79	1.49	**Adv Semi Engrg**	ASX	**301.7**	4.76	0.11	**2.37**
18.64	12.59	**SK Telecom**	SKM	**285.1**	16.46	-0.03	**-0.16**
19.56	15.05	**ChunghwaTel**	CHT	**268.8**	18.77	-0.03	**-0.16**
81.00	37.43	**China Life Ins**	LFC	**243.3**	75.91	1.46	**1.96**
27.55	17.71	**NTT**	NTT	**230.3**	20.64	0.42	**2.08**
34.79	20.28	**Honda Motor**	HMC	**195.8**	34.41	-0.28	**-0.81**
43.95	21.23	**Canon**	CAJ	**176.0**	43.40	0.17	**0.39**
94.00	46.45	**China Petro & Chem**	SNP	**172.2**	86.79	-1.11	**-1.26**
9.82	5.43	**Telecom Corp of NZ**	NZT	**168.9**	9.53	0.27	**2.92**
11.12	2.00	**City Telecom**	CTEL	**157.9**	10.78	0.63	**6.21**
41.87	19.90	**Telekom Indonesia**	TLK	**157.4**	40.84	-0.15	**-0.37**
87.67	56.79	**Toyota Motor**	TM	**152.9**	83.66	-1.42	**-1.67**
19.93	13.11	**NTT DoCoMo**	DCM	**152.0**	14.23	0.09	**0.64**
150.50	47.09	**POSCO**	PKX	**145.5**	135.45	-0.27	**-0.20**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

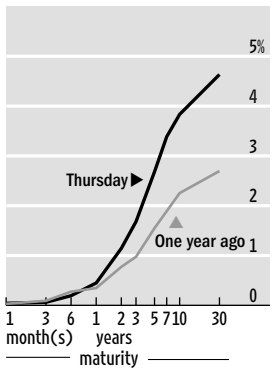
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.463%**	**343.9**	343.8	351.9	**222.3**	**4.530%**	4.366%	**2.996%**
4.500	10	**5.710**	**193.5**	202.1	195.8	**172.9**	**5.838**	5.442	**4.210**
5.000	**Austria** 2	**1.725**	**70.1**	66.8	11.2	**126.1**	**1.760**	0.959	**2.034**
3.900	10	**3.857**	**8.2**	6.5	6.0	**141.8**	**3.882**	3.544	**3.899**
3.500	**Belgium** 2	**1.056**	**3.2**	5.0	27.1	**137.2**	**1.142**	1.118	**2.145**
4.000	10	**3.707**	**-6.8**	-11.6	12.9	**134.0**	**3.701**	3.613	**3.821**
1.250	**Canada** 2	**1.403**	**37.9**	37.5	43.4	**38.0**	**1.467**	1.281	**1.153**
3.750	10	**3.572**	**-20.3**	-21.0	-16.6	**40.5**	**3.607**	3.318	**2.886**
4.000	**Denmark** 2	**2.099**	**107.5**	104.4	132.2	**195.0**	**2.136**	2.169	**2.723**
4.000	10	**3.628**	**-14.7**	-16.8	12.0	**88.1**	**3.649**	3.604	**3.362**
1.500	**France** 2	**1.183**	**15.9**	12.6	47.1	**124.4**	**1.218**	1.318	**2.017**
3.750	10	**3.600**	**-17.5**	-21.5	0.3	**100.1**	**3.602**	3.487	**3.482**
1.250	**Germany** 2	**1.321**	**29.7**	25.7	46.8	**95.3**	**1.349**	1.315	**1.726**
3.250	10	**3.371**	**-40.4**	-43.7	-27.5	**53.8**	**3.380**	3.209	**3.019**
0.550	**Hong Kong** 2	**0.741**	**-28.3**	-36.6	-51.3	**6.1**	**0.726**	0.334	**0.834**
2.160	10	**2.893**	**-88.2**	-84.0	-119.4	**-109.2**	**2.977**	2.290	**1.389**
3.750	**Italy** 2	**1.534**	**51.0**	47.9	73.4	**219.8**	**1.571**	1.581	**2.971**
4.250	10	**4.109**	**33.4**	27.8	51.2	**184.6**	**4.095**	3.996	**4.327**
0.200	**Japan** 2	**0.169**	**-85.5**	-93.3	-66.3	**-39.6**	**0.159**	0.184	**0.377**
1.300	10	**1.338**	**-243.7**	-248.8	-219.4	**-127.9**	**1.329**	1.290	**1.202**
4.000	**Netherlands** 2	**0.820**	**-20.4**	-22.4	8.0	**117.6**	**0.868**	0.927	**1.949**
4.000	10	**3.547**	**-22.8**	-26.0	-2.4	**109.9**	**3.557**	3.460	**3.580**
3.200	**Portugal** 2	**1.324**	**30.0**	31.8	42.2	**173.7**	**1.410**	1.269	**2.510**
4.750	10	**4.045**	**27.0**	25.9	27.0	**155.0**	**4.076**	3.754	**4.031**
5.350	**Spain** 2	**1.526**	**50.2**	47.5	58.1	**144.0**	**1.567**	1.428	**2.213**
4.300	10	**3.966**	**19.1**	15.0	29.6	**138.5**	**3.967**	3.780	**3.866**
2.750	**Switzerland** 2	**0.641**	**-38.3**	-44.8	-42.7	**-8.3**	**0.644**	0.420	**0.690**
2.250	10	**2.115**	**-166.0**	-174.9	-157.5	**-19.6**	**2.068**	1.909	**2.285**
3.250	**U.K.** 2	**1.337**	**31.3**	23.3	35.8	**29.9**	**1.325**	1.205	**1.072**
4.500	10	**4.011**	**23.6**	11.8	22.1	**67.2**	**3.935**	3.705	**3.153**
1.000	**U.S.** 2	**1.024**	**...**	...	...	**...**	**1.092**	0.847	**0.773**
3.375	10	**3.775**	**...**	...	...	**...**	**3.817**	3.484	**2.481**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.662%**	16.15	–0.40%	–0.40%	–0.40%	–24.25%
10-year Treasury	**3.841**	8.24	–0.01	–0.01	–0.01	–8.13
7 Year Treasury	**3.366**	6.20	0.16	0.16	0.16	...
Five-year Treasury	**2.652**	4.65	0.17	0.17	0.17	0.46
Ryan Index	**2.873**	6.68	0.03	0.03	0.03	–5.57
3 Year Treasury	**1.632**	2.88	0.16	0.16	0.16	1.76
Two-year Treasury	**1.088**	1.96	0.12	0.12	0.12	1.66
1 Year Treasury	**0.417**	0.95	0.03	0.03	0.03	1.02
Six-month Treasury	**0.183**	0.50	0.01	0.01	0.01	0.65
Ryan Cash Index-a	**0.183**	0.44	0.01	0.01	0.01	0.55
Three-month bill	**0.081**	0.25	...	...	...	0.38
One-month bill	**0.051**	0.07	...	....	...	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.50
Japan	**1.475**	1.675
Britain	**0.50**	2.00
ECB	**1.00**	2.50
Switzerland	**0.53**	0.52
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23344%**	0.42063%
Three month	**0.25250**	1.41125
Six month	**0.42750**	1.77000
One year	**0.96969**	2.04625

	Latest	52 wks ago
Euro Libor		
One month	**0.41500%**	2.50438%
Three month	**0.65313**	2.78250
Six month	**0.97250**	2.88313
One year	**1.22375**	2.95875
Hibor		
One month	**0.07964**	0.20071%
Three month	**0.15000**	0.89286
Six month	**0.29929**	1.35000
One year	**0.68929**	1.80000
Asian dollars		
One month	**0.2396%**	0.41%
Three month	**0.2586**	1.4080
Six month	**0.4440**	1.7480
One year	**0.9910**	2.0400

	Offer	Bid
Eurodollars		
One month	**0.3500%**	0.2000%
Three month	**0.3800**	0.2300
Six month	**0.4700**	0.3200
One year	**0.7500**	0.6000

	Latest	52 wks ago
U.S. discount	**0.50%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.15%**	0.10%
U.K. (BBA)	**0.502**	2.100
Euro zone	**0.31**	2.12

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Tuesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

WSJ.com

Follow the markets throughout the day, with updated stock quotes, news and commentary at **WSJ.com.**.
Also, receive emails that summarize the day's trading in Europe and Asia.
To sign up, go to **WSJ.com/Email**

Asian index movers...

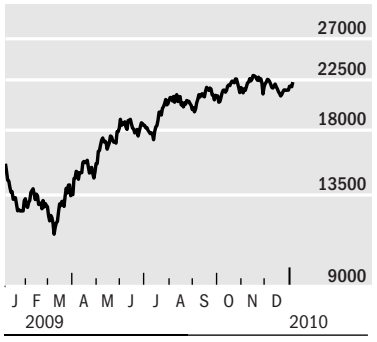
Nikkei Stock Average
Japan 10681.83
▲ **0.25% or 27.04**

Commodity shares rose on higher gold and crude futures, while bank shares also attracted some buying on news of Sumitomo Mitsui Financial's equity offering.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**174.88**	164	2	1.23
Mtshbsh Fin Grp	**163.67**	452	1	0.22
Hitachi	**84.99**	281	–5	–1.75
JapanAirlines	**64.37**	90	2	2.27
Nippon Yusen	**55.35**	296	10	3.50

Hang Seng
Hong Kong 22279.58
▲ **2.09% or 456.30**

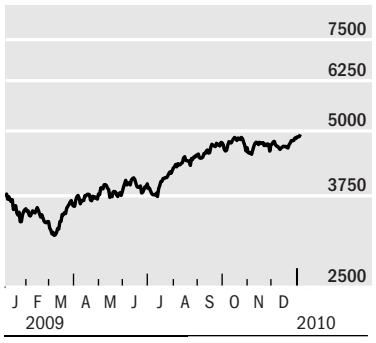
The index surged on Wall Street's overnight rise, led by Hutchison Whampoa's continued gains and strength in commodities. Sinopharm rose after a Morgan Stanley upgrade.



Stock	Volume in millions	Close	Change Net	Change %
Bank Of China	**333.79**	4.32	0.11	2.61
PetroChina	**240.88**	9.84	0.55	5.92
CCB	**211.49**	6.75	0.16	2.43
ChinaPetroChem	**205.88**	6.78	0.05	0.74
Chalco	**187.27**	9.49	0.79	9.08

ASX 200
Australia 4924.27
▲ **0.98% or 48.01**

Shares rose following a bullish session on Wall Street and continued strength in the resources sector. Major banks also were stronger, with ANZ and Westpac higher.



Stock	Volume in millions	Close	Change Net	Change %
Boart Longyear	**122.57**	0.40	0.03	6.76
MacquarieOffTrust	**50.66**	0.32	0.01	3.23
Goodman Grp-Stpl	**38.05**	0.65	0.04	5.69
GPT Group	**28.36**	0.62	0.02	3.33
Telstra	**24.72**	3.44	–0.01	–0.29

Straits-Times
Singapore 2920.28
▲ **0.89% or 25.73**

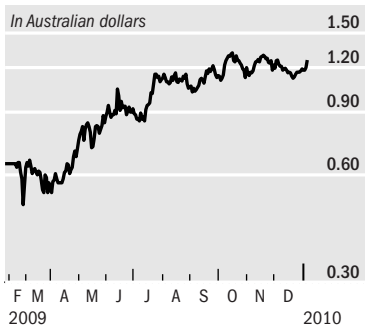
The index closed at an 18-month high. Major developers advanced as government data released Monday showed private-property prices continue to rise.

Stock	Volume in millions	Close	Change Net	Change %
Golden Agri	**156.24**	0.54	0.03	4.85
Genting Spore	**122.85**	1.28	–0.01	–0.78
Cosco	**35.10**	1.27	0.04	3.25
NeptuneOrientLines	**34.90**	1.70	0.05	3.03
Sing Telecom	**25.15**	3.12	–0.01	–0.32

Asian stocks in the news

OZ Minerals
Australia A$1.26
▲ **5.0% or A$0.06**

Resource-related shares gained on higher commodities prices.



Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-1.23**
Dividend yield	**none**

Stock	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**2.4%**	4.1%	68.4%
OZ Minerals	**5.0%**	7.2%	-80.9%

CNOOC
Hong Kong HK$12.94
▲ **5.7% or HK$0.70**

Energy plays advanced on a surge in crude-oil futures overnight.

Price-to-earnings ratio	**17**
Earnings per share, past four quarters	**0.74**
Dividend yield	**3.1**

Stock	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas	**2.4%**	3.4%	46.2%
CNOOC	**5.7%**	7.7%	57.8%

Mirvac Grp
Australia A$1.65
▲ **6.1% or A$0.10**

Residential developers rose on increased sales of detached homes in Australia.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-0.65**
Dividend yield	**1.2**

Stock	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**1.7%**	3.0%	36.1%
Mirvac Grp	**6.1%**	5.8%	42.0%

Foxconn Intl
Hong Kong HK$10.16
▲ **6.3% or HK$0.60**

Shares rose on optimism a global economic recovery would boost demand for goods shipped overseas.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-0.04**
Dividend yield	**none**

Stock	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**1.1%**	4.1%	66.2%
Foxconn Intl	**6.3%**	15.6%	171.7%

Elpida Memory Inc.
Japan ¥1,608
▲ **6.6% or ¥Unchanged**

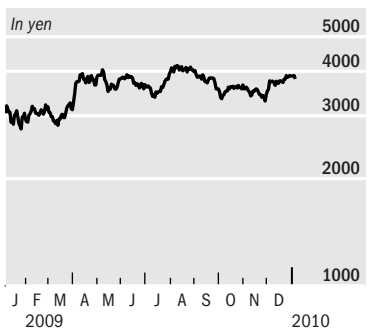
The firm's Taiwan unit will reportedly invest about 40 billion yen for new chip-making equipment.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-30.50**
Dividend yield	**none**

Stock	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**1.1%**	4.1%	66.2%
Elpida Memory Inc.	**6.6%**	5.6%	164.5%

Toyota Motor
Japan ¥3,805
▼ **2.2% or ¥85**

A slide in the dollar weighed on the auto maker's shares.

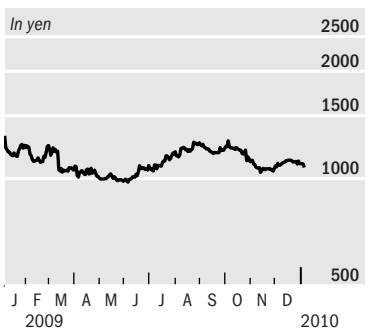


Price-to-earnings ratio	**none+**
Earnings per share, past four quarters	**-43.50**
Dividend yield	**1.3**

Stock	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**-0.5%**	-0.1%	60.9%
Toyota Motor	**-2.2%**	-2.2%	24.8%

Yamazaki Baking
Japan ¥1,074
▼ **2.3% or ¥25**

The company, one of Japan's largest bakeries, was cut to neutral by Credit Suisse.

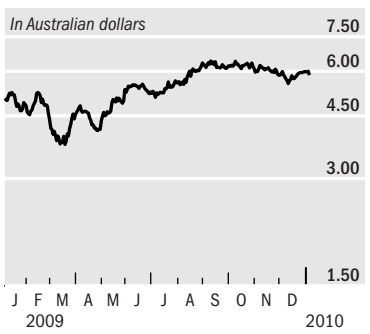


Price-to-earnings ratio	**28**
Earnings per share, past four quarters	**39.00**
Dividend yield	**1.1**

Stock	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Food & Beverage	**1.4%**	2.1%	37.4%
Yamazaki Baking	**-2.3%**	-4.1%	-18.5%

Primary Hlth Care
Australia A$5.85
▼ **2.5% or A$0.15**

The firm's shares declined as health-care stocks were among the biggest losers.



Price-to-earnings ratio	**20**
Earnings per share, past four quarters	**0.29**
Dividend yield	**1.2**

Stock	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Health Care	**0.6%**	0.6%	13.1%
Primary Hlth Care	**-2.5%**	-2.0%	16.1%

Fuji Hvy Inds
Japan ¥441
▼ **2.6% or ¥12**

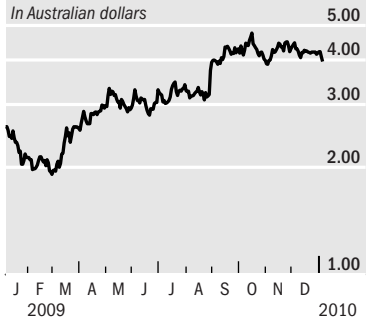
The company gave back some of its gains from recent trading.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-23.60**
Dividend yield	**none**

Stock	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**-0.5%**	-0.1%	60.9%
Fuji Hvy Inds	**-2.6%**	1.6%	80.0%

Harvey Norman Hldgs
Australia A$3.96
▼ **2.9% or A$0.12**

Retailers fell after Warehouse Group reported weaker sales than it had expected.



Price-to-earnings ratio	**20**
Earnings per share, past four quarters	**0.20**
Dividend yield	**1.5**

Stock	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	**0.7%**	1.7%	27.1%
Harvey Norman Hldgs	**-2.9%**	-4.6%	52.3%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

As others struggled, Kia gained traction in 2009

Kia Motors has pulled off a rare feat: It has emerged from the global financial crisis in a stronger position than when it went in.

A year ago, weighed down by a hefty debt load, inventory overhang and continuing losses, Kia seemed to have only one advantage: deep-pocketed shareholder **Hyundai Motor**. Now, the company is expected to report a consolidated annual profit for the first time since 2005 thanks to strong U.S., China and domestic sales. Like Hyundai, Kia is benefiting from resurgent demand for less expensive, more fuel-efficient cars.

Couple that with a slew of new model releases, and a key industry metric for profitability— operating capacity—has risen sharply. Kia operated its domestic plants at 100% of capacity in the fourth quarter, up from 87% in the previous one.

To cut manufacturing costs, Kia also redesigned its cars and is sharing car platforms and some production with Hyundai. The company plans three new model releases in the U.S. and Korea in 2010, which could bolster sales. Already, its share of the key U.S. market has expanded, though the company is still a small player with only about 3% by volume.

Balanced diet
Kia's global retail sales by volume, Jan.-Sept. 2009
Rest of the world 27.1%
Korea 24.5%
China 13.2%
U.S. 20.2%
Europe 15.2%
Note: Figures don't add up to 100 due to rounding
Sources: the company; Associated Press (photo)

Moreover, Kia is using the tailwind to lower leverage on its balance sheet. Debt, inventory, large-scale capital expenditures and incentives have all come down. Nomura Securities forecasts Kia's consolidated net-debt-to-equity ratio will drop from 194% in 2009 to 149% this year.

These improvements could mean some substantial earnings growth in the years ahead. Daiwa Capital Markets expects earnings per share to jump 67% in 2010.

One factor that could trip up Kia: It is losing the advantage of a weak won, which made Korean cars more price competitive in the U.S. The U.S. dollar is down 27% against the won since early March.

A strong won in 2006 and 2007 was a key contributor to losses in those years, so the assumption that Kia has built enough additional profits into its redesigned cars is something that will surely be tested as the won continues to rise.

In the longer run, the company's reliance on fleet sales and high incentives will hurt any effort to bolster its brand. The good news is that both fleet sales and incentives are declining.

Investors in recent years have had their fair share of disappointments from Kia. If the company's recent form holds up, though, they may start taking the company's slogan—"The Power to Surprise"—to mean on the upside.

—James Simms

A public game of catch-up with Blackstone Group

"Once a quarter, we're the only ones in our underwear," said a **Blackstone Group** executive during the summer of 2008, lamenting how it was the only large private-equity firm forced to report financial results to the public.

Blackstone brought this upon itself, of course, floating shares in 2007 and making its top executives a few billion dollars. The IPO window closed immediately afterward, blocking its buyout brethren from accessing the public markets.

But if all goes as planned, Henry Kravis and Leon Black soon will join Stephen Schwarzman in skivvies. Both **Kohlberg Kravis Roberts** and Mr. Black's **Apollo Global Management** are expected to list shares on the New York Stock Exchange this year.

The two firms already trade, KKR in Amsterdam and Apollo on a private Goldman Sachs Group exchange. But both command valuations well below that of rival Blackstone.

Apollo's enterprise value, or market capitalization adjusted for debt and investments held on its balance sheet, is about 5% of its $51 billion in assets under management as of Sept. 30. KKR trades at about 4.5% of its $54.8 billion in assets under management. Blackstone, however, is at a lofty 12% of its $98 billion in assets under management. Blackstone also has an advisory business that accounts for roughly 20% of earnings. Even stripping that unit out of enterprise value leaves the asset-management side valued at about 9.6% of assets under management.

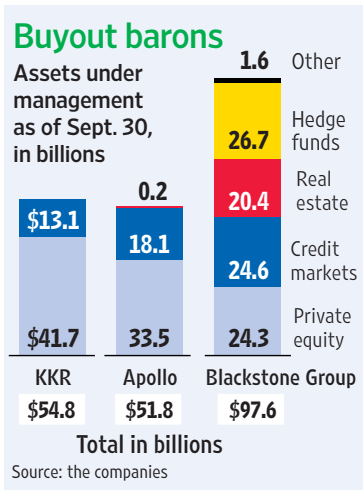
Why the gap? Some of KKR's and Apollo's discount comes from lower liquidity on their thinly traded exchanges. That should narrow if they move to the NYSE. Blackstone also garners a premium, some analysts say, because it is bigger and broader. On top of its advisory business, about half of Blackstone's fee-earning assets are derived from its credit and hedge-fund-of-funds businesses.

But KKR and Apollo have followed Blackstone's lead and are diversifying away from the buyout business. KKR is building its credit-investment platform, which already has more than $13 billion at work. Apollo has begun expanding its real-estate private-equity operation.

And a business model more dependent on private equity actually could reap rewards in 2010. Valuations have rebounded, and the fourth quarter saw a return of buyout activity. If it continues, both firms have ample uninvested capital ready to deploy.

But while KKR and Apollo should narrow the gap with Blackstone, investors need to remember the longer-term headwinds. Lucrative private-equity fees risk getting squeezed. For companies reliant on increasing the assets they manage, the days of investors fighting to get into new funds likely died with the buyout bubble.

—Peter Lattman



Trade Up.

Dow Jones delivers institutional sales and trading professionals the information they need to trade more efficiently, productively and profitably.

Successful trading strategies depend upon access to the right information at the right time. Dow Jones consistently delivers breaking news from The Wall Street Journal first to Dow Jones Newswires, informing our own customers before anybody else.

By providing innovative, ultra-low-latency technology solutions and the world's most relied upon business news, Dow Jones enables institutional sales and trading professionals to make more rapid and targeted trading decisions.

It's time to trade up to the market-moving news that matters most, at the speed you need. To learn more about Dow Jones Solutions for Sales & Trading, call +61.2.8272.4600 or email us at **moreinfo.asiapacific@dowjones.com.**

© Copyright 2009 Dow Jones & Co., Inc. All rights reserved. 2WIAS2414

DOWJONES

Published by Dow Jones Publishing Company (Asia), Printed in Hong Kong by Superflag Advertising and Communication Limited, 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1, Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo, 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no.: Seoul Ka00020 (Daily Newspaper), Publisher/Editor/Printer: Song, Pil-Ho. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No: 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Mel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 381-7 Mascardo St., Corner Metropolitan Ave., Pasong Tamo, Makati City. Printed in Singapore by KHL Printing Co. Pte Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post, 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (K.M. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt Ltd. 517B World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A-8 Sector 7, Gautam Budh Nagar, Noida 201301 and PLOT No.EL208, TTC Industrial Area, Mahape, Navi Mumbai (Maharashtra), India. Editor: Suman Dubey, phone: +91-1164620215. ACP no. F-2 (1/3) Press / 2009 FACSIMILE EDITION.